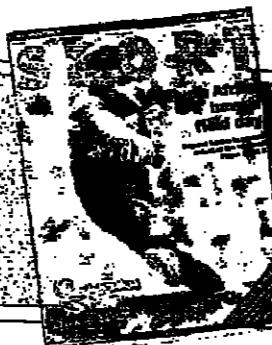


THE INDEPENDENT

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The hunt for Louise

Part of an army of nearly 10,000 volunteers who joined police to hunt for the missing teenager, Louise Smith, at Sodbury Common, Chipping Sodbury, yesterday. Louise, 18, was last seen at a nightclub in Yate, near Bristol, on Christmas Eve. Police said some small finds were made but nothing of great significance. Report, page 2

Photograph: Christopher Jones

NHS accused over mentally ill killers

Inquiry into 39 deaths blames health policy

NICHOLAS TIMMINS
and COLIN BROWN

An inquiry set up by the Government into 39 homicides and 24 suicides involving the mentally ill has produced fierce criticism of the National Health Service.

The report, from the Royal College of Psychiatrists, found many patients who killed or committed suicide had lost contact with the psychiatric services or were refusing to comply with treatment, sometimes because "patients were reacting against an environment or services which they found unacceptable.

"Overcrowded wards, excessive disturbance and unsuitable community facilities militated against participation in treatment," the Royal College's report concludes.

Commissioned by Stephen Dorrell, Secretary of State for Health in 1992 when he was the junior health minister, it is a serious indictment yet of Gov-

ernment mental health policy. It follows growing public concern over recent murders by mentally ill including:

■ Christopher Curtis, sent to death Jonathan Zito at Finsbury Park tube station in 1993.

■ Ben Silcock, a schizophrenic, was seriously mauled at London Zoo after he climbed into the lion enclosure.

■ Wayne Hutchinson, convicted of manslaughter this month after killing two people and wounding three others during a six-day rampage.

■ Martin Murrell, jailed for life 10 days ago after murdering his stepfather and almost killing his mother.

Despite the inquiry's findings of unsatisfactory staffing and accommodation, some consultant psychiatrists "appear to have become inured to inadequate conditions of practice and do not complain through disillusionment," the report says.

Although most in-patient

Out of care

units had their agreed nurse numbers, these were often insufficient for a proper therapeutic environment. "It seems unlikely that effective care can be given in acute wards with over 30 beds and with only three or four staff on duty". It stressed that "it is unrealistic to expect that every homicide or suicide is preventable" and that staff often felt that both the homicides and suicides had been totally unpredictable, with no aggression reported in 41 per

cent of the cases in the run up to the killing.

But it warns that to lock up and supervise all those who are potentially homicidal or suicidal "would require the supervision by an army of professional carers".

"It must be asked," the inquiry said, "whether the service being offered to some patients - crowded wards, unsuitable fellow patients, overworked staff - may not play a part in leading them to distance themselves from the treatment they need."

The report comes as the British Medical Association is to demand higher security for family doctors at a meeting with Mr Dorrell on Thursday following a series of incidents in which GPs have been attacked by patients. Doctors

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Stephen Dorrell: Ordered report

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Schools 'need lesson in teaching morals'

JUDITH JUDD
Education Editor

Schools should receive national guidance on how to teach pupils the difference between right and wrong. Dr Nick Tate, the Government's chief curriculum adviser will say today.

Dr Tate is expected to tell a conference of employers, teachers, academics, politicians and trade unionists that tolerance of different views has gone too far and that pupils must be given a firm moral lead.

A recent Mori poll showed that nearly half of 13-35-year-olds did not believe there were definite rights and wrongs.

Other research shows that many trainee teachers are so worried about being accused of sexism or racism, that they are unwilling to teach any values at all.

Dr Tate is concerned that personal and social education lessons may be promoting the view that there is no such thing as right and wrong by overemphasising self-esteem. Contro-

versially, he will also ask whether such lessons can be used to boost the two-parent family.

He believes that schools need guidance about what to teach on moral matters because of the decline in religious faith which has weakened the hold of morality and because people have tried to be less judgemental about others' views.

Too many schools are neglecting religious education which is a vital part of moral education, he will argue.

Pupils are ignorant of rules such as the Ten Commandments which used to be taught to children both at school and at home.

Dr Tate blames advertising and the materialism of the consumer for young people's failure to distinguish between morality and taste.

Leading article, page 14



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Blair argues for poll on single currency

PATRICIA WYNNE DAVIES
Political Correspondent

A Labour manifesto commitment to a referendum on a European single currency moved much closer yesterday as Tony Blair, declared there was a "very strong case" for the British people to be given the final say.

While falling just short of an absolute pledge, the Labour leader said: "I don't believe myself that a step of such enormous importance could be properly undertaken unless the people have a chance to make their

"Blair is proposing a politics for grown-ups in place of the infantilism of the Portilloes and the Livingstones" - David Marquand, page 13

views clear. I think that our position... is that there should be the political consent necessary for such a big step".

The remarks in a BBC1 Breakfast with Frost interview will spur Tory supporters of a plebiscite to step up pressure on John Major to convince Cabi-

net opponents, and principally Kenneth Clarke, the Chancellor, to rally behind a firm promise from Government.

Meanwhile, in the latest round of the battle of ideas over the remit of the "stakeholder" economy, Mr Blair re-emphasised that tackling welfare dependency and unemployment, not a return to corporatism, would be the priority of a future Labour government.

Conceding in the process that the stakeholder theme was more new "slogan" - or "change of culture" - than new policy, Mr Blair insisted that

successful firms were treating themselves as stakeholding enterprises.

"They're saying 'how do we treat employees as partners, rather than simply as factors of production,'" he said. In a counter-attack to last week's claims by Michael Heseltine, the Deputy Prime Minister, Mr Blair insisted: "Let me make it clear, I've got no intention of trying companies up in red-lape and bureaucracy and regulation."

He declared in the time-honoured phrase that, as yesterday, he had "no plans" for a 50 per cent tax rate for the high-

New Labour needs to proceed cautiously as it puts meat on the bones of the stakeholder idea" - Gavin Davies, page 17

er paid, while for ordinary taxpayers he wanted to "try and get rid of the tax burden down".

But speaking on the eve of today's Second Reading of the Finance Bill to implement November's Budget, Michael Jack, Financial Secretary to the Treasury, challenged

Labour over its intention to abstain on tax cuts for 26 million people. "The party of opposition has become the party of abstention," Mr Jack mocked.

Brian Mawhinney, the Tory party chairman, attacked Mr Blair's defence of the stakeholding theme as the "greatest example of inadequate memory that I've seen from a senior politician in a long time." Labour was already committed to introducing new burdens on industry such as the European Social Chapter and the minimum wage, he said.

IN BRIEF

New ecstasy victim
A mother warned against taking ecstasy after the drug exposed a weakness in her son's heart and killed him. Page 3

Chechens stay defiant
Chechen rebels holding 100 hostages were given another night to "reconsider their position" after defying all calls to give up yesterday. Page 8

CHRIS ARNOT

A row over plans to mark the cenotaph of the birth of the mass-produced motor car is casting a shadow over a service at Coventry Cathedral this weekend which will be a celebration of the car.

Captains of the British motor industry, arriving on Wednesday for the controversial religious service are likely to come bumper to bumper with victims of road accident.

Road Peace, which campaigns on behalf of those be-

reaved and injured by the car, is planning a silent vigil outside the cathedral during the service, which they argue will turn the cathedral into a "sanctified car showroom". The centrepiece is expected to be two cars driven down the aisle.

The group's request to lay a wreath in the ruins of the old cathedral has been turned down by the cathedral Provost, Canon John Petty, on the grounds that it would be too "political". While not wishing to impede lawful demonstrations, he has asked them to stay away from

the ruins or elsewhere in the cathedral precincts. "Nor do we feel able to provide any facilities to assist them as this would be discourteous to those we are welcoming here," he says in a letter to the organisation.

A Road Peace spokeswoman, Brigitte Chaudry, said: "I think that is discourteous to us... Millions of people have been killed or maimed by the car in the past 100 years. Coventry Cathedral recognised that with a service for traffic victims in 1992. Now it plans to drive two cars up the aisle. I don't think it's appropriate."



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Nationalists warn on assembly link

DAVID MCKITTRICK
Ireland Correspondent

Nationalists and republicans in Northern Ireland warned at the weekend against building a new elected assembly into any formula designed to resolve the issue of arms decommissioning.

With the international body examining the issue due to report later this week, Sinn Fein the and SDLP leader, George Mitchell, has been closely studying the idea of such an assembly.

The idea of an assembly appears to be favoured by the British Government, which has reportedly drawn up reports on various types of assembly and how it might be elected.

The idea was put forward by the Ulster Unionist leader, David Trimble, who held out the prospect of his party sitting in such an institution with Sinn Fein, even if the IRA had not

decommissioned arms. The idea also chimes with suggestions put forward by the Rev Ian Paisley's Democratic Unionists and by the moderate Alliance party.

The issue has divided pro-unionists and nationalists along a clear fault-line. The nationalists are clearly anxious to prevent Mr Mitchell and his colleagues from recommending the idea.

The pace of work of the international body quickened rapidly at the weekend, with its report due to be given to the British and Irish governments

on Thursday or Friday of this week. Yesterday its three members again met the Alliance party and the Ulster Democratic party, a fringe grouping linked to the loyalist paramilitary Ulster Defence Association. On Saturday they met the SDLP.

Today they are due to meet the Ulster Unionist party and Northern Ireland Office minister Michael Ancram. They have already met John Major and the Northern Ireland Secretary, Sir Patrick Mayhew.

Mr Mitchell said at the weekend that his team had not yet made any decisions or reached

any conclusions. On another front, meanwhile, Sinn Fein is to today due to take part in the first tripartite meeting involving the republicans and the British and Irish governments. This is part of a range of meetings designed to pave the way for eventual all-party negotiations, though these remain dependent on the resolution of the decommissioning issue.

In rejecting an assembly Mr Hume said: "It would turn into a shouting match - we've had it all before." He added: "There is no way we would consider an elected body as a means of start-

ing the dialogue, because it will only make the dialogue much more difficult and make it virtually impossible to reach agreement."

Sinn Fein president Gerry Adams declared: "It's a non-runner. This is not 1920, this is 1996. As far as we are concerned, any return to an assembly, or any variation of the proposal, is a stalling or a stringing out of this process." Martin McGuinness of Sinn Fein added: "We will have absolutely nothing to do with such a body."

However, an opinion poll indicated that Unionist and na-

tionalist voters appeared to take different views from those of their political representatives.

According to the poll, published in the Dublin *Sunday Tribune*, 68 per cent of nationalists agreed with an elected assembly, while only 28 per cent of Unionists thought it a good idea.

The survey also showed a marked difference of opinion on the question of whether the republican and loyalist ceasefires were permanent.

Some 69 per cent of nationalists believed that the truces were, but only 38 per cent of Unionists.

IN BRIEF

Barclay brothers sue Birt for slander

The Barclay twins, owners of the Ritz hotel and the *Scotsman* and *European* newspapers, are suing John Birt, Director-General of the BBC, in a French court for "public slander".

David and Frederick Barclay claim that an interview with the *Observer* journalist John Sweeney, broadcast by BBC Radio Guernsey and picked up in France, alleged they had "engaged in acts that could be qualified as corruption".

The brothers are suing for public slander under French law and for libel in a British court. They are also suing the *Observer*, which is circulated in France, and Mr Sweeney in a Paris court over an article in the paper which allegedly infringed their privacy.

Serial sex attacker

Police believe three rapes and the attempted abduction of a girl, 14, may be the work of one man. The description of the attacker in all the incidents is similar: a white male, in his early to mid-twenties, 5ft 8in tall with crew-cut hair. Three attacks in the past 10 days were all within a square mile of Chiswick, west London. The three raped women were grabbed as they walked home and dragged into gardens.

Offa's Dyke for sale

A section of the historic Offa's Dyke is being offered for sale as part of the disposal of British Coal land. The 100-yard area of earthworks at Rhosydd, Clwyd, linked to the 17-mile ancient Dyke, is being sold as part of a package of more than 1,000 acres of agricultural land and woodland, properties and farm buildings. Since the sell-off of pits a year ago British Coal has sold non-mining activities worth about £150m, including properties worth £20m.

Bank strike vote

More than 2,000 workers at the Royal Bank of Scotland begin voting today on whether to strike in a dispute over allowances. The Banking, Insurance and Finance Union says the London Allowance of £1,400-£1,450 is worth 20 per cent less than five years ago and should be raised to £1,620-£1,640.

Two die in crash

Two men died and another was seriously injured when a car travelling at up to 100mph on the A4130 near Henley-on-Thames, Oxfordshire, overturned. The driver, 19, and a passenger, 20, were killed instantly when the car veered off the road into woods. Another passenger, 20, was taken to the Royal Berkshire Hospital with serious chest injuries.

Maxwell jury back

The jury returns today for a sixth day of deliberations in the trial of Kevin Maxwell, 36, his brother Ian, 39, and Larry Breitnerberg, 42, a former aide of Robert Maxwell, all accused of defrauding pension funds.

Fleming treasure

A glass laboratory slide kept in a woman's hat box for 20 years is to be auctioned for up to £15,000 at Sotheby's, London. It contains a tiny spore of the original mould which led Sir Alexander Fleming to discover penicillin which saved millions of lives in the Second World War. Dame Huntingford, 49, a former medical secretary, was given the slide by a member of Fleming's team.

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RACK ISSUES

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The sculptor Martin Jennings finishing off the Gulf war memorial at St Paul's Cathedral, which will be unveiled next month. Photograph: Dillon Bryden

Thousands help search for teenager

MICHAEL PRESTAGE

An army of nearly 10,000 volunteers answered a police call to scour countryside in the search for clues to help find teenager Louise Smith, who disappeared after a Christmas Eve outing to a nightclub.

The search, one of the largest of its kind conducted by police, involved painstakingly surveying fields, commons, roadsides and embankments within a two-mile radius of Chipping Sodbury, near Bristol.

Detective Superintendent John Newman, who is leading the hunt, said: "People of all ages and from all walks of life have turned up in a marvellous gesture by the community. It has been a huge operation for the force but an excellent one."

Volunteers were largely from the Chipping Sodbury and Yate area but others had travelled from further afield including South Wales and Weston-Super-Mare. Avon, Gloucestershire brought searchers from South Bristol while clergy had encouraged their congregations to search rather than go to church. Three hundred police officers were joined by off-duty officers.

Among those searching were

After the five-hour search, police said some small finds had been made, but nothing significant. A number of telephone calls made during the day were being followed up. The search area will now be widened.

■ A badly burned body found smouldering next to a railway platform was that of a girl, possibly as young as 15, police said yesterday.

The petite, fully clothed, body was found yesterday at the unmanned Burley Park station in Chapel Lane, Leeds. She had 90 per cent burns and has yet to be identified. Police believe the body was set alight after she had died.

Searchers were advised to look for clothing or other clues or anything that could be a burial site.

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4 news



Homicides involving psychotics remain constant despite public fears about big cuts in the number of NHS beds and a series of chilling murders, while a pioneering scheme is helping patients in their home environment

Murders by mentally ill 'show no increase'

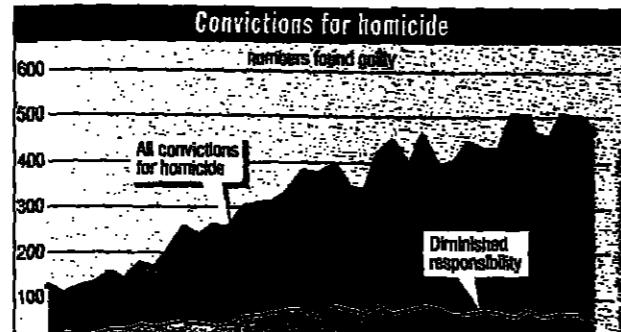
NICHOLAS TIMMINS
Public Policy Editor

Christopher Clunis, John Rous, Paul Gordon, Alan Boland, Stephen Laudat are just some of the names of the mentally ill who have killed in recent years. Ten days ago those of Wayne Hutchinson, a paranoid schizophrenic who killed two people and seriously wounded three others, and of Martin Mursell, who knifed his stepfather to death and almost killed his mother, were added to them.

But despite the catalogue of recent inquiries into homicides by the mentally ill it is far from clear whether the policy of care in the community has increased the number of homicides, or even the risk to the public.

According to the Audit Commission's report on mental health services "in the last two decades of the community care policy, the number of homicides committed by mentally ill people has not increased, while the number committed by others has more doubled".

Its conclusion is based on Home Office statistics which



record all murder convictions and those for "section 2 manslaughter" – where the charge is reduced due to diminished responsibility.

Because of the high clear-up rate for murder, the Home Office believes the figures are a fair representation of trends. After rising from 1957 when the plea first became available, numbers have remained broadly constant since the early 1970s as the run down in long-stay beds has accelerated. *Fluctuating between 60 and something over 100 a year, in the most recent years numbers have declined.*

Dr Geoff Searle, a consultant

in Bournemouth who is also a spokesman for the Royal College, suspects greater publicity has heightened the sense that the risk now is higher.

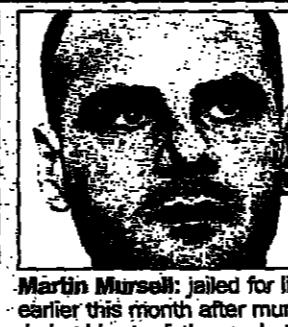
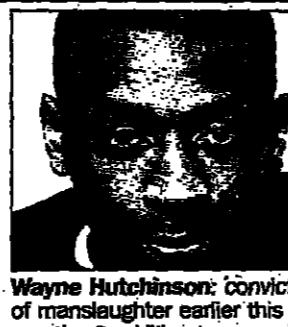
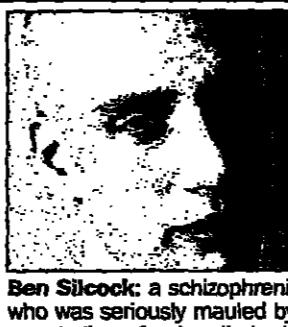
"In the past, some of these homicides will have been of one patient by another in long-stay hospitals. When I was at Tooting Bec in south-west London, one long-stay patient murdered another ... but it did not receive much publicity."

But even when there were

more long-stay beds, murders still occurred outside hospital. "The vast majority of the mentally ill have always been cared for outside hospital. Even if we locked up everyone who suffers from psychosis, these things would still happen because we don't know everyone who suffers from psychotic illness."

Most schizophrenics he argues, are withdrawn, frightened individuals who are at far greater risk of suicide than of violence towards others. "You are far more likely to be killed by lightning than by a wandering lunatic – but we don't go round with lightning conductors bolted to our heads."

Schizophrenics who fell through the net while living out in the community



Christopher Clunis: sent to Rampton after stabbing to death Jonathan Zito at Finsbury Park Tube station, north London, in 1993.

Ben Silcock: a schizophrenic who was seriously mauled by a male lion after he climbed into the lions' enclosure at London Zoo.

Wayne Hutchinson: convicted of manslaughter earlier this month after killing two people and wounding three others during a six-day rampage.

Martin Mursell: jailed for life earlier this month after murdering his stepfather and attacking his mother, almost killing her.



Night medication: A patient is given pills on Bewick Ward at Newcastle General Hospital. Photograph: Glynn Griffiths

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£10,000+	5.30	-	3.98	-	5.15	-	5.10	-
Monthly Income Option (including Bonus)*	5.90	6.05	4.43	4.51	5.76	5.90	5.52	5.65
£100,000+	5.66	5.80	4.25	4.32	5.52	5.65	5.38	5.50
£50,000+	5.43	5.55	4.07	4.14	5.28	5.40	5.14	5.25
£25,000+	5.19	5.30	3.89	3.96	5.04	5.15	5.00	5.10
SOLID GOLD*								
£50,000+	5.20	-	3.90	-	5.05	-	5.00	-
£25,000+	4.95	-	3.71	-	4.80	-	4.75	-
£10,000+	4.45	-	3.34	-	4.30	-	4.45	-
£5,000+	3.70	-	2.78	-	3.55	-	3.60	-
Monthly Income Option	5.08	5.20	3.81	3.88	4.94	5.05	4.89	5.00
£50,000+	4.84	4.95	3.63	3.69	4.70	4.80	4.65	4.75
£10,000+	4.36	4.45	3.27	3.32	4.22	4.30	4.36	4.45
£5,000+	3.64	3.70	2.73	2.76	3.49	3.55	3.44	3.50
£500+	3.40	3.45	2.55	2.58	3.25	3.30	3.25	3.30
LIQUID GOLD*								
£25,000+	4.15	-	3.11	-	4.00	-	3.90	-
£10,000+	3.75	-	2.81	-	3.60	-	3.50	-
£5,000+	3.25	-	2.44	-	3.10	-	3.05	-
£2,500+	3.10	-	2.33	-	2.95	-	2.85	-
£500+	2.85	-	2.14	-	2.70	-	2.60	-
ASSET RESERVE CHEQUE ACCOUNT								
£50,000+	5.25	5.35	3.94	4.00	5.25	5.35	4.65	4.73
£25,000+	4.95	5.04	3.71	3.77	4.95	5.04	4.20	4.27
£10,000+	4.60	4.68	3.43	3.49	4.60	4.68	3.95	4.01
£5,000+	3.90	3.96	2.93	2.96	3.90	3.96	3.65	3.70
£1,000+	3.40	3.45	2.55	2.58	3.25	3.30	3.25	3.30
YOUNG SAVERS*	3.40	3.43	2.55	2.57	3.40	3.45	-	-
MAXIM	1.26	1.26	0.94	0.94	-	-	-	-
£500+	0.65	0.65	0.49	0.49	-	-	-	-
CARD CASH	0.65	0.65	0.49	0.49	-	-	-	-
MATURED FUNDS ACCOUNT*								
£10,000+	4.00	-	3.00	-	4.00	-	4.00	-
£5,000+	3.40	-	2.55	-	3.40	-	2.55	-
Monthly Income	5.95	-	2.95	-	5.95	-	2.95	-
£10,000+	3.35	-	2.51	-	3.35	-	2.51	-
TREASURER'S ACCOUNT*								
£2,500+	4.85	-	3.64	-	-	-	4.85	-
£500+	4.30	-	3.23	-	-	-	4.30	-
£1+	1.35	-	1.01	-	-	-	1.35	-
CLOSED ISSUES								
TESSA Gold*	6.40	-	-	-	6.40	-	-	-
Including maturity bonus	6.52	-	-	-	6.52	-	-	-
Halifax TESSA*	5.90	-	-	-	5.90	-	-	-
Including maturity bonus	6.70	-	-	-	6.70	-	-	-
Paid-Up Share	1.00	1.00	0.75	0.75	1.00	1.00	0.75	0.75
Deposit £500+	2.50	2.52	1.88	1.89	2.50	2.52	1.88	1.89
£1+	1.00	1.00	0.75	0.75	1.00	1.00	0.75	0.75
Instant Xtra	3.35	-	2.51	-	3.35	-	-	-
£10,000+	2.85	-	2.14	-	2.85	-	-	-
£2,000+	2.60	-	1.95	-	2.60	-	-	-
£500+	2.10	-	1.58	-	2.10	-	-	-
Monthly Savings £500+	2.50	2.52	1.88	1.89	2.50	2.52	-	-
£1+	1.10	1.10	0.85	0.85	1.10	1.10	-	-
? Day Xtra £200+	1.95	1.96	1.46	1.47	1.95	1.96	-	-
£80+	1.00	1.00	0.75	0.75	1.00	1.00	-	-
28 Day Xtra £500+	1.75	1.76	1.31	1.31	1.75	1.7		

Pair face ruin over mortgage dispute

STEVE BOGGAN
Chief Reporter

A couple who made legal history by successfully suing Lloyds bank over bad mortgage advice are back in court tomorrow to defend a counter claim which could bankrupt them.

Despite being awarded £77,500 against the bank last September, Julia Verity and Richard Spindler will end up as losers if the four-day hearing over a disputed £160,000 debt goes against them.

The couple sprang to prominence when Judge Robert Taylor, sitting at the High Court in Leeds, found that their bank manager had been negligent in lending them money to renovate a house in Henley-on-Thames in 1988. They intended to sell the house at a profit but ended up losing thousands when the housing market crashed.

"We hoped that would be the end of it, but the bank seems determined to see us bankrupted," Mr Spindler, 36, said yesterday.

The latest hearing relates to an alleged debt which the couple argue should have been wiped out with last September's judgment but which the bank regards as separate.

Mr Spindler, an acupuncturist, and Mrs Verity, a 55-year-old teacher, each had a house in Henley and were advised to take out a third mortgage to renovate the property at the centre of the dispute.

In 1990, when the couple realigned their finances were going seriously awry. Mr Spindler sold his property in Henley for £90,000. At the time, he had an outstanding mortgage of £30,000 and Mrs Verity owed

£60,000 on her home. They assumed that the proceeds would be assigned to those debts but the bank assigned them to the third mortgage instead.

"That means that the bank regards our original mortgages - plus interest - as unpaid," said Mr Spindler. "But if they had used that money to clear our mortgages - as we had wished - then with the court's decision that the third loan was negligent, we wouldn't owe anything."

"Instead of that, they are now coming after us for those mortgages which we wanted clearing in 1990. We won the case in September, but Lloyds have found a way of coming back at us, wanting two bites at the cherry."

If the case goes against Mr Spindler and Mrs Verity and the amount awarded to the bank is greater than the £77,500 awarded to them last September, they could be left to pay the £160,000 and the bank's legal costs, which they estimate at up to £40,000.

"That would finish us and, after seven years of battling against the bank, we would finally be forced into bankruptcy," said Mrs Verity. "It seems very unfair that we won and yet could still end up as losers."

When their last case ended, Mr Spindler and Mrs Verity announced that they were separating because of their age difference and Mr Spindler's desire to start a family. Yesterday, the couple were still together at Mrs Verity's home but they remain resigned to an amicable separation...

"We're seeing it through together until the end," said Mrs Verity.



Loan trouble: Richard Spindler and Julia Verity won their first court fight with Lloyds but may lose their second

Pools fans bet on the Internet

DANNY PENMAN

Football fans around the world can now use the Internet to play the pools. Zetters, the smallest of the three British football pools companies, has launched a site on the World Wide Web to try and outmanoeuvre the National Lottery.

Fans can play the game from anywhere in the world using little more than a computer, modem, and a credit card. Punters play by filling in an electronic form, which also contains their credit card details, and then sending it via the World Wide Web to the host computer in Jersey. If they win they are told the following week by e-mail.

The system also allows punters to place standing bets for up to 999 weeks. Many gamblers using the system are placing standing bets initially for one year. Zetters is now receiving hundreds of bets per week through the new system. Jamie Easterman, who helped develop the betting system, said he envisages transactions through the Internet becoming the com-

pany's main source of revenue. Security fears about the Internet have crimped its development as a commercial arena. Those worries are now fading as practically unbreakable encryption systems come into widespread use. The Zetters system relies on the same encryption system used by Netscape - the main programme used to browse the World Wide Web - to transmit information over the Internet. The system allows people to send scrambled information over the Internet which is readable only to the intended recipient.

Mr Easterman said that security fears have been greatly overplayed. "If you compare walking into a restaurant and handing over your credit card details with this system then there's just no comparison. This is far more secure," he said.

Zetters hopes to capitalise on the global gambling market rather than trying to grab market share from its British rivals. Americans and Hong Kong citizens have shown the most foreign interest so far.

DAILY POEM

Sir Launcelot du Lake

By Jean MacVean

This son of my body
this Haut Prince
is demure as a dove

God make you good
I prayed
whose beauty dims
all mortal men

He came before me
demure as a dove

and a virgin
on a white horse
wept
at my downfailing

who had till then
been deemed
the best knight
of the world

Jean MacVean was born in Bradford, West Yorkshire, and was educated at Bradford Girls Grammar School and the College d'Hulst at Versailles in France. She was one of the few female officers working for the Ministry of Information during the war and subsequently worked for MI6. A novel, *The Intermediaries*, was published by Gollancz (1972) and three poetry collections have since appeared, this poem taken from the most recent, *The True and Holy History of the Sangreal*, a cycle of Arthurian poems after Sir Thomas Malory, published by Agenda Editions at £4.50 (5 Cranbourne Court, Albert Bridge Road, London SW11 4PE).

Schools rush for assisted places

JUDITH JUDD
Education Editor

Private schools have rushed to apply for more assisted places in response to the Prime Minister's promise to boost the scheme. They have put in bids for about 7,000 state-funded places for bright pupils from this September.

The first 5,000 extra assisted places will be on offer to fulfil John Major's pledge to double the 30,000 place scheme over the next six years. He announced the plan at last year's Conservative Party conference to emphasise the difference between the Tories and the Labour Party over private education. Labour has said it will phase out the scheme, which costs more than £100m a year, and use the money to decrease class sizes for the youngest primary school children.

A Department for Education and Employment spokesman said: "We are delighted. We have a large number of applications from independent

schools. We shall be making an announcement shortly about which schools will be included."

Friday was the deadline for applications. Some private school heads had suggested that not enough schools would come forward for the scheme, which is means-tested, because the Government no longer allows for the full cost of independent school fees.

There were also fears that there would not be enough space in schools which currently offer assisted places.

Ministers decided that some assisted places should be offered to children from the age of five. At present, only those 11 and over are eligible. Some of the schools which have applied will be disappointed. All will be vetted to see whether their academic record meets government standards.

Critics say some independent schools would close were it not for the assisted places scheme. The closure rate of private schools halved after the scheme was introduced in 1980.

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news

Prostitute's murder trial 'based on faulty DNA'

HEATHER MILLS
Home Affairs Correspondent

Police have re-opened the investigation into the murder of Lynette White, the prostitute hacked to death seven years ago on St Valentine's day, a case which led to one of Britain's most serious miscarriages of justice.

Three years after three men were cleared by the Court of Appeal of her murder, South Wales police are investigating claims that at least two original suspects may have been wrongly eliminated from inquiries because of inadequate DNA and blood-group testing.

Yesterday South Wales police said officers had met with forensic scientists to re-evaluate the scientific evidence in the case. Concerns had been raised by Alun Michael, Labour's Home Affairs spokesman, and Salish Sekar, who has been researching the case.

Ms White, 20, was killed in her "punters' room", above a betting shop in Butetown, Cardiff. She was stabbed more than 50 times, her left breast was almost severed and her throat was slit to the spine. Blood had been spattered everywhere.

Within days South Wales Police had details of their prime suspect, a white man seen in blood-stained clothing in a distressed state outside her flat.



Ms White: hacked to death above betting shop

ter the murder. A photofit was issued and Detective Chief Superintendent John Williams said in March 1988: "This man almost certainly had the blood of the deceased on him."

But 10 months later, five black men were charged with murder, largely on the evidence of two prostitute friends of Ms White, one of whom had named a succession of different people in 18 statements to police. There was also a so-called confession by one of the five, Stephen Miller. He had a mental age of 11, and his "confession" was obtained only after 300 denials during five days of interviews.

After one of the longest murder trials in Britain, lasting 197 days, three of the five, Miller, Tony Park and Yusel Abdulahi, were convicted.

Supporters mounted a campaign and two years later the Court of Appeal cleared the three, after the judges ruled Miller's "confession" had been obtained in a "travesty of an interview".

Mr Sekar has since discovered that the blood groups of two earlier suspects, both white and one with a conviction for child rape and a client of Ms White, were almost identical to the rare grouping found in the dead woman's flat. Both were eliminated by DNA profiling which has since been called into question. It is understood the samples will be re-tested.

Mr Sekar, who has researched the case for a book, *Fated In* said yesterday: "I am not accusing either of the two men. I am saying that their elimination from the inquiries can no longer be relied upon. It is tragic that it has taken six years for anyone to notice that the original DNA testing was unreliable."

In a statement, South Wales police said: "We are acutely aware of advances in forensic science". They added they were evaluating "a number of crimes over the past year, including the murder of Lynette White".

Outdoor groups will sign up to the Magnusson document - which enshrines tolerance by both sides - because in the words of the Ramblers' Association's Dave Morris, "it's the only show in town".

But as Mr Magnusson basks in the plaudits of such traditional adversaries as the Scottish Landowners' Federation and the Ramblers' Association, offstage there are mutterings of "betrayal" and "weakness" over a proposal to scale down SNH's work elsewhere. A study report slipped out just before Christmas suggests that to meet its statutory conservation duties, SNH could drop discretionary spending on things such as footpath schemes, country parks and ranger services.

SNH insists the narrower remit is only an option, with the final decision up to ministers.

But as it struggles to meet not just the cost of new European directives but a swingeing 10 per cent cut in its budget to £36m for 1996-97 some scaling down seems inevitable. The principal recommendation of the study, carried out by Scottish Office officials, Mr Magnusson and his chief executive, Roger Crofts, will ensure that SNH should be given new objectives by the end of March.

Mr Magnusson's term as SNH's first chairman ends that month, however it is likely Scottish secretary Michael Forsyth will offer him a second stint in the £53,000-a-year post.

The 66-year old broadcaster regards it as "the best job in Scotland". But critics have accused him of bowing to minis-

ters and to landowners who resent interference in how they manage their estates. Dropping SNH's landscape and access work would be regarded as the final straw.

Labour MP Sam Galbraith, once an enthusiastic supporter of SNH, said it would be a "betrayal" of the organisation's founding principles. He believes it may be necessary to undo the 1992 merger of the nature conservancy council and the countryside commission.

At £35.9m, spending on his part is almost double the £13.3m for countryside enjoyment and education. This year SNH is having to spend £3.3m introducing the European Birds and Habitats Directives.

The study emphasises that if SNH did not carry out conservation tasks, no-one would. In contrast, some of the "country-side" functions such as promoting public access and enjoyment ... are not the sole province of SNH," it says. Local authorities, the sports council, and tourist offices, are also involved.

"While SNH's work is valuable, much similar work, albeit at a reduced level, would continue if it disengaged."

SNH's establishment followed a fierce backlash by landowners after the conservation body acted against the planting of conifers and the commission argued for national parks in areas like the Cairngorms and Loch Lomond.

Why the temp is in huge demand

CLARE GARNER

The demand for temporary staff has reached its highest level since records began, and looks set to continue rising, according to Britain's biggest employment agency.

Reed Personnel Services announced yesterday that employers are relying more heavily than ever on temporary rather than permanent staff. Figures for the last three months of 1995 reveal that the demand is 22 per cent higher than in the 1989 boom time peak, and double that of the first quarter of 1992.

"There is a danger that we will get another gap between the 'haves' and 'have-nots' based not on money but on whether or not you have a permanent job," said Alec Reed, founder and executive chairman of Reed Personnel Services, which has 200 branches in the UK.

Mr Reed fears that the growing number of one-stop workers - whose spells of work tend to be "a year here and a year there, rather than a week here and a week there as in the past" - are being short-changed. He is calling for provisions to be made to ensure that they receive benefits and support similar to those automatically provided to permanent staff.

"Training, sick pay, holiday pay and access to credit (such as mortgages and credit cards), all need to be available," he said. "Only in this way can the effectiveness and the high quality of the flexible workforce, which is so important to the success of the UK economy, be maintained. If we don't treat temps with respect it could blow up in our faces."

He predicted that the temp's status would soon improve. "I think they will become far more respected over the next 12 months. Temporary work was a new, brash market which companies rushed into in times of recession. Now companies are realising that temps are a valuable tool in running a business."

Demand for temporary staff has risen 25 per cent year-on-year, a 1 per cent increase on the previous quarter's year-on-year percentage increase, according to the Reed Temporary Index.

Scots access: Cries of 'betrayal' over Magnus Magnusson's Concordat



Photograph: David Rose

Right to roam in the hills and glens

STEPHEN GOODWIN

Magnus Magnusson, the thinking person's quizmaster, has brokered a deal to allow walkers to roam the Scottish hills without upsetting the proprietary interests of the lairds. But even as Mr Magnusson launches his "Concordat on Access" this week in his role as founding chairman of Scottish National Heritage (SNH), there is a suspicion that landowners have gone along with his consensus approach in the hope of staving off the right to roam.

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Warnings of jail riots follow plans to cut jobs

HEATHER MILLS
Home Affairs Correspondent

Ministers are set on a collision course with prison staff over plans to axe 3,000 jobs. Coming at a time when jails are already bursting at the seams with record numbers of inmates – expected to top 54,000 by April – many inside the Prison Service are now warning of riot and unrest as conditions deteriorate.

The scale of the job losses sparked an immediate political furor, with the opposition claiming that Michael Howard, the Home Secretary, was embarking on a "suicide mission".

Alan Beith, home affairs spokesman for the Liberal Democrats, said it was ludicrous to have fewer staff controlling more and more prisoners. Jack Straw, Labour's home affairs spokesman, said: "Mr Howard promised a 5,000 increase in police officers. Now we know they will be paid for by the loss of prison officers. It is an absurd way to go and will only add to the crisis in the Prison Service."

Existing staff shortages are already being blamed for the squalid and inhumane conditions at Holloway Women's Prison, in north London, which prompted the unprecedented walkout by inspectors last month. And in other jails inmates are being locked

in their cells for longer periods and denied access to education, welfare and work programmes.

But the reduction in prison activities has only saved a small part of the £65m in cuts demanded by the Treasury this year.

Prison governors are expected to be given details of their reduced budgets today, and guidance on how to implement cuts which will total 13 per cent over the next three years.

Prison officers and governors aged over 55 will be the first to be offered redundancy, with pensions boosted by payoffs of between £5,000 and £10,000.

Yesterday Richard Til, the acting director general of the Prison Service, admitted that although the losses would cause some difficulty, the service would cope. "Our first priority is to maintain control and good order within our prisons," he said.

But prison staff warned of the effect of cuts on a service where morale is already low because of privatisation and the upheaval caused by last year's two embarrassing escapes from Whitemoor, Cambridgeshire, and Parkhurst, on the Isle of Wight.

Ben Coffman, spokesman for the Prison Officers Association, said: "The loss of the most experienced staff will decimate the Prison Service and seriously threaten control in many es-

tablishments. The role of prison officers will be reduced to that of turnkey and rehabilitation will be forgotten."

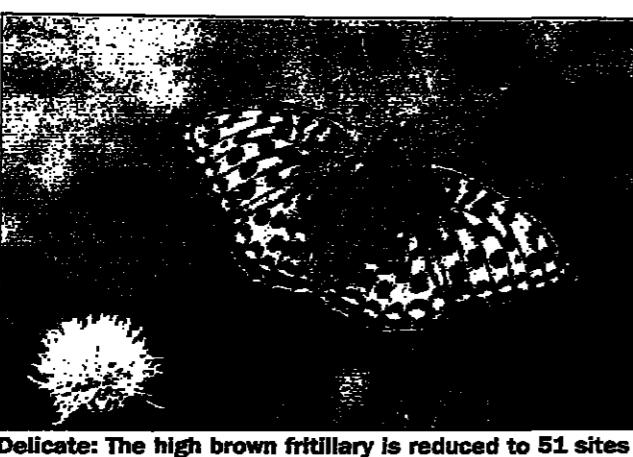
The proposed cuts will seriously threaten the service's ability to implement many of the 127 recommendations in the Learmont inquiry into security after the Parkhurst escape.

They also call into question whether the 134 prisons would be able to cope with the influx of extra inmates who will inevitably follow Mr Howard's proposals to end remissions and impose heavier minimum sentences. Reform groups have estimated the plans, to be published in a White Paper in the spring, would boost the prison population by up to 20,000.



Across the gap: Britain's oldest wrought iron and concrete bridge at Horningfield, Suffolk, has reopened after a six-month restoration costing £100,000. The bridge, which lies between Bungay and Harleston, was built in 1870.

Photograph: Keith Whitmore



Delicate: The high brown fritillary is reduced to 51 sites

Butterfly flutters towards survival

NICHOLAS SCHOON
Environment Correspondent

Britain's most endangered butterfly, the high brown fritillary, has fallen in number by more than 90 per cent over the past 40 years, surveys show.

Before the Second World War, the black, white and golden-butterfly was a common woodland species, but today there are only 51 small sites where it is known to survive in the UK, although it remains common in southern Europe. Its strongholds here are Dartmoor, Exmoor, Herefordshire and the southern edge of the Lake District.

Like several other much-reduced butterfly species (five have become extinct in Britain over the past two centuries) it flourished in traditionally managed woods. Every few years a large part of the wood would be cut for coppice poles, creating sheltered areas where the fritillary caterpillars could bask in the sun after they hatched in March, and where they fed on the leaves of violets. But coppicing has been largely abandoned, leaving woodland too shady and cool for the larvae.

The high brown fritillary also needs bracken to cling to, but not so much that the violets are swamped. The right balance is maintained by cattle and Dart-

Heritage of the Wild

moor ponies which trample the growth in their search for grass. Today, however, the plant is often controlled with weedkiller.

The fritillary is one of 116 endangered or fast-declining British plant and animal species covered by rescue plans drawn up by a Government steering group, which proposes that the butterfly should return by 2005 to 10 of the sites from which it has recently disappeared.

The wildlife group Butterfly Conservation is finalising a UK action plan for the species which forms the basis for the steering group's proposals, costed at £21,000 a year. Private landowners, the group says, need to be informed on the needs of the species. If they receive one of the Government grants for woodland and countryside improvement, then that should be conditional on their using butterfly-friendly land-management methods to allow the species to re-establish itself.

The fritillary may appear to be a delicate, fussy insect, but little more than half a century ago it was well able to co-exist with humankind: it is we who have changed, not the butterfly.

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Hostage drama: Russian troops tighten stranglehold around village before all-out strike

Chechens defy call to surrender



PHIL REEVES
Pervomayskoye

Chechen rebels holding more than 100 hostages in a border village were given another night to "reconsider their position", after defying calls to give up yesterday.

As President Boris Yeltsin sent two of his top security officials to Daghestan in an effort to end the five-day confrontation between the Russian army and the rebels at the village of Pervomayskoye, a matter of yards from the border with Chechnya, the Interior Ministry announced that a brief breathing-space had been agreed by local officials in their talks with the Muslim fighters. However, rebel snipers fired on the Russian forces surrounding them, wounding up to four, according to Russian officials. They insisted that their troops did not fire back.

General Mikhail Barsukov, head of the Federal Security Service (FSB) and the Interior Minister, Anatoli Kuklik, took charge of the Russian attempts to negotiate after the Chechens failed to respond to a Kremlin ultimatum to hand over their captives and surrender by 10am yesterday.

The Chechen leader, Salman Raduyev, 28, ignored Russian threats that their troops would be ordered to attack the village, where the rebels have been cornered since Wednesday.

As the deadline approached, the formidable array of forces surrounding the farming hamlet was strengthened still further with the arrival of about 300 Ministry of Interior special troops, accompanied by a group of snipers with high-powered ri-



Voice for freedom: A Chechen woman at a Russian checkpoint outside Pervomayskoye pleads for the hostages' release

Photograph: AP

fles slung over their shoulders. But when it passed with no end to the deadlock, the Russians withdrew the men, generally scaling down their military activity and softened their tone, despite earlier comments making clear that they were no longer willing to strike a deal in which the rebels walked free.

Alexander Mikhailov, an FSB spokesman who earlier this week had called for the "annihilation of the bandits", struck a more conciliatory note here yesterday, saying that every effort ought to be made to resolve the crisis without any unnecessary loss of life.

The stand-off began six days ago as the Chechen fighters were retreating from north Daghestan, where they had taken over a hospital in Kizlyar and

seized 2,000 hostages, in an effort to force the Russians to withdraw their troops from Chechnya.

They sought refuge in Pervomayskoye after being fired on by Russian helicopters as they crossed the Chechen border, an act which they saw as a breach of an agreement that they would have safe passage back to their break-away republic.

As the Kremlin seeks to extract itself from the politically damaging crisis, at times it has engaged in military posturing of operative operations.

On Saturday night the Russians fired clusters of high-altitude flares above the village, which floated down through the clouds, filling the heavens with a sickly, apricot-coloured glow.

Small red, green and orange flares occasionally arched low over the fields, illuminating the dark silhouette of the Russian war machine and the distant peasant smallholdings which Mr Raduyev and his men had made their lair.

In Pervomayskoye, the nearest village, the few Daghestani men who have not left gathered in a knot at the Russian roadblock on the lane leading to Pervomayskoye, watched by scowling Russian soldiers.

Some of the onlookers perched on haystacks, straining for a view of what might have been Guy Fawkes night, were its purpose not so grim and potentially bloody.

Meanwhile, overhead day and night there is the constant drone of Mi-24 helicopter gunships, which swoop so low that you half expect their rocket-packed bellies to catch on the powerlines.

This operation is all about pressure. The Russian commanders hope that if the nocturnal bangs and flashes do not disorientate and distract the rebels, who are well used to Russian military tactics, then they will at least unsettle the hostages and make them intensify pressure on the captors for their release.

The weaponry assembled here has as much to do with intimidation as it has with battle requirements. There are T-72 tanks with 120mm guns, BMT armoured vehicles, Spetsnaz special forces and commandos from the anti-terrorist forces squad. Much of this army is con-

stantly on the move, ploughing menacingly around the fields.

The Russians also appear to have started disseminating black propaganda. The FSB, a spin-off from the dismantled KGB, yesterday sought to persuade the international press corps that the Russians had heard women in the village screaming at night.

Another report, again circulated by the FSB, said that Russian military intelligence had intercepted a radio conversation in which the Chechen leader, Dzhokhar Dudayev, was heard to tell Mr Raduyev that he should be willing to let his women hostages die.

Although it seems increasingly inevitable, the battle has yet to begin. But the publicity war is well under way.

DAGESTAN DAYS

Women bring out the lamb in macho man

Sovietskoye — While the world waits on tenterhooks to see if the Russian army will annihilate a rebel-held hamlet in Daghestan, another village, two miles down the road, has already been destroyed without anyone raising so much as a whisper.

When the international press corps moved into Sovietskoye (population 1,200), it wasn't such a bad place; it wasn't Monte Carlo but it was a picturesque enough Muslim farming community, a sprawl of stone houses and barns clustered around a scruffy little mosque a few hundred yards from the Chechen border. It provided an excellent view of the Russian tanks, especially if you stood on a haystack.

Moreover, the local Avar people made wonderful hosts. They were completely unworried by the arrival of an army of correspondents who came tearing in with flashy computer equipment, elaborate foul-weather wear, endless demands and hefty appetites.

You couldn't plop more than 10 yards along its lanes without being accosted by a *babushka*, ushering you to the hearthside for potato-and-lamb stew, unleavened bread and cups of sugary tea. Before long, half the village had journalists sleeping in their homes — a hotel is about as unlikely a proposition here as Disneyland — and yet they refused offers of money.

But on Friday the place fell apart. Fearful that Sovietskoye would be caught in the battle brewing at its edge between the Russians and the Chechen rebels, local officials ordered the evacuation of the village's women and children. In a community where women's liberation is about as advanced as the bathroom design (a hole in the ground in a fetid wooden shed), it was a dreadful setback.

The men's first reaction, as the Russian army massed in their fields, was to get raging drunk. The sound of the buses which carried their women off to neighbouring towns had

scarcely died away when they launched into a vodka binge, switching to fortified Daghestani wine when their supplies dwindled. Well into the following day, they were still boozing and gnawing bones.

Halfway through this alcoholic orgy, anxious to impress their new Western friends, they grabbed one of the village's sheep, dragged it into the yard of a home in which we were gathered, and cut its throat. They then skinned it, boiled it and devoured it, leaving a trail of blood and bones and a host of turning Western stomachs.

But that was probably their last enjoyable moment. Daghestani men are not lacking in machismo, yet overnight they have been turned into lambs, and bewildered ones at that.

"You just can't live without women," said Gamil, the old man whose home we are living in. As he looked at the stale bread, unwashed glasses, and half-eaten *gherkins* scattered around his kitchen.

With his wife and daughter gone, he is living on scraps of bread and jam and spends most of his day praying in the gloom of a back room.

Matters are not helped by the loss of the electricity supply, the diminishing supply of food, and absence of running water. The press corps is beginning to smell a little like the dung heaps dotted around the village, courtesy of the many cows that wander the streets. Worse, the drink has run out.

The only decent meal here in the last day or two was a goose, slaughtered by the Daghestanis for some American newspapermen, who are always wealthier and better-fed than their European counterparts. If things go on much longer here there will be two battles: the first between the Chechens and the Russians, the second between the Avars and their wives, who will not be pleased by what they find on their return.

Phil Reeves

War crimes judge will inspect Bosnian 'mass grave'

CHRISTOPHER BELLAMY
Defence Correspondent
EMMA DAILY
Sarajevo

Judge Richard Goldstone, head of the International War Crimes tribunal on former Yugoslavia, is due to visit Bosnia this month, following reports of the existence of a huge mass grave in a mine in the north-west.

His arrival may help to reveal the scale of war crimes in

Bosnia, which is still shrouded in mystery. Nato has said it will not intervene. "Investigating mass graves is not part of my job. Establishing an environment in which others can do their job is part of my job," Admiral Leighton Smith, commander of Nato's peace implementation force (I-For), said yesterday.

"Nato is not mandated to go into an area where there may or may not be graves", said

Colonel James Ellery, director of public information for I-For. "When the relevant authorities — the war crimes tribunal — decide the time is right to go in, they will do that. If they need assistance from I-For to get there, they will request it."

Nato said it had not received requests from the war crimes tribunal, or other organisations, to help escort investigators.

The UN, which controls an international civilian police

force, may conduct preliminary investigations into allegations of mass graves, an official said, but would go no further. Antonio Pedraza, the UN co-ordinator, said the exhumation of graves would require forensic expertise available only to the tribunal.

"I would separate [human rights] from mass graves, serious violations of international law under the Geneva convention — that is up to the tribunal and the ICRC [International

Committee of the Red Cross]."

One Red Cross spokesman, Pierre Gauthier, declared any ICRC responsibility for the investigation of mass graves.

"We have not the mandate to dig up mass graves, we have not the know-how and we have not the enforcement," he said.

Reporters were able to visit

the open-cast mine at Ljubija without hindrance from Serb soldiers but found little to confirm allegations. Although British Nato troops responsible for the area where the alleged mass grave may have been

passing information to the representatives of the war crimes tribunal, they had received no request for help yesterday, Col Ellery said.

"We just don't have the manpower," said Col Ellery. "The manpower is sufficient for the

allocated tasks". These include supervising the withdrawal of the former warring sides from a "zone of separation" either side of the boundary between the two "entities" in Bosnia.

Given the scale of "ethnic cleansing" in northern and eastern Bosnia, many of the allegations are probably true. But proof will only come when the tribunal experts come in and dig. The same is true for three alleged mass graves near Srebrenica, the Muslim enclave that fell to Serb forces in July.

More than 2,000 people from Srebrenica are still missing, six months after the enclave fell to the Bosnian Serbs. The US has spy satellite photos of several sites near Srebrenica suspected of housing the remains of those missing. Serb police guard the area, and journalists attempting to visit one suspected grave were arrested and held for several hours by Serb forces last week.

Portuguese left bathes in glory after poll rains

ELIZABETH NASH
Lisbon

Portugal's Conservatives had nastier rainwater than their opponents — waterproof capes sporting the name of their presidential candidate, Anibal Cavaco Silva. But the Socialist, Jorge Sampaio, was the one expected to end up home and dry. First projections at the close of polls gave Mr Sampaio 54·59 per cent of votes, ahead of Mr Cavaco with a predicted 41·43 per cent.

Both candidates campaigned under the orange-and-green colours of the national flag.

rather than those of their party, for the non-partisan post. But Mr Sampaio's slogan, "One for All", more accurately caught the popular mood than those of Mr Cavaco. "In the name of Portugal" and "Mega President".

Mr Sampaio's conciliatory personality seemed likely to overcome fears whipped up by Conservatives about the centralisation of power in the hands of the left. At Mr Sampaio's closing rally in a Lisbon opera house, the city's former mayor offered "renewal and stability" and promised to humanise links between people and political power.

Mr Cavaco dwelt on his experience as prime minister during 10 years of Conservative government, which ended last year with the Socialists' election victory. But Mr Sampaio pointed out that he had a democratic record dating back more than 30 years to his fight against the Salazar dictatorship, when Mr Cavaco, 56, was studying economics at York University.

The Cavaco camp resorted finally to a crude anti-Communist tactic. "Down with communism," shouted a platform speaker at Mr Cavaco's closing open-air rally in Lisbon before she was pulled away.

But Mr Sampaio, 56, is no Communist, although he led a left-wing Socialist movement for three years after Portugal's Carnation Revolution in April 1974, before joining the Socialist Party.

The winner succeeds Mario Soares, 71, who retires as President on 9 March after the maximum two five-year terms.



Sampaio: caught the mood

France's most troublesome priest, Mgr Jacques Gaillot, has marked the first anniversary of his expulsion from the see of Evreux west of Paris, by establishing a "virtual" bishopric for himself on the Internet.

The action was characteristic of Mgr Gaillot, a lively and unconventional figure whose popularity and awkwardness to the establishment — has only been enhanced by his tribulations.

When he was dismissed on Vatican orders last January, after 13 years at Evreux, it was for openly advocating the rights of homosexuals and minority groups, defending the use of condoms to combat AIDS and

refusing to condemn abortion unconditionally. Adept at using the media to pursue his causes, Mgr Gaillot had given the Vatican little option but to dismiss him if its authority was to remain intact.

The bishop, however, turned out to have a huge personal following, both in Evreux and across France. People turned out in their thousands for his last Mass, filling the streets around the cathedral and weeping. This support took the French church hierarchy by surprise and prompted a year of worried introspection, as senior churchmen pondered how so large a gap had opened up between them and the laity. The "Gaillot question", as it became known, dominated Catholic

gatherings and episcopal meetings through the year, and the see of Evreux is still without a bishop.

Mgr Gaillot's "virtual" bishopric is not quite such a heretical move as it sounds. Because bishops cannot be dismissed as such, "virtual bishops" of a kind — obsolete sees that exist only in the record books — have been used by the Vatican for centuries as places of notional exile for difficult bishops. Mgr Gaillot's dismissal was couched as his "transfer" to the defunct see of Partenia in the Sahara.

Introducing his Internet site this weekend, Mgr Gaillot said: "Partenia... has not existed since the sixth century; today, thanks to the new communications technology, it lives again to be

come the first 'virtual diocese', and gives me the means to continue my work." For the past year, this work has been mainly with the homeless in Paris, assisting the veteran campaigning priest, Abbe Pierre.

Just before Christmas, Mgr Gaillot was finally received by the Pope, an audience he had requested since his dismissal and which represented at least a partial reconciliation. In a mild rebuff, the Pope reportedly told his "virtual" bishop that, while his social work was very commendable, as a consecrated bishop he should work "more within the bosom of the church". While the Bishops' Council of France was puzzling how to do that, Mgr Gaillot found his own solution:

and that the Tzanos-Chatillon case is a "one off". Granting immunity from prosecution to staff means the truth about Commission fraud cannot be established, Belgian sources say. Per Brix Knaudsen, head of the Commission's newly strengthened internal anti-fraud unit, Uclaf, defends the ability of his 130-man team to uncover any malpractice by Commission officials, saying his men are better equipped to establish the facts than the Belgian police. The Court of Auditors reports annually on spending misuse. Jacques Santer, the Commission President, made fighting fraud a priority when he took over a year ago.

The EU bureaucracy does not take kindly to accusations of corruption from the Belgian police, and says the Belgians ought to examine corruption in their own state machinery.

Belgian fraud squad lifts lid on EU corruption

Immunity rules shield suspects from prosecution, writes Sarah Helm

such a confrontational approach, and the Belgian fraud squad would normally only receive information on EU corruption from the Commission's own whistle-blowers. But the whistle is rarely blown, as Commission staff take oaths of secrecy when they join.

Belgian sources close to the tourism inquiry, which dates from 1990, criticise the Commission's reluctance to act earlier over the tourism scam, in which bribes were allegedly paid and kickbacks taken. Mgr Tzanos' nickname in the tourism trade was "Mr Ten-per-cent".

Mr McMillan-Scott, formerly responsible for parliamentary oversight of tourism policy, says he first presented evidence of bribery within the Commission to

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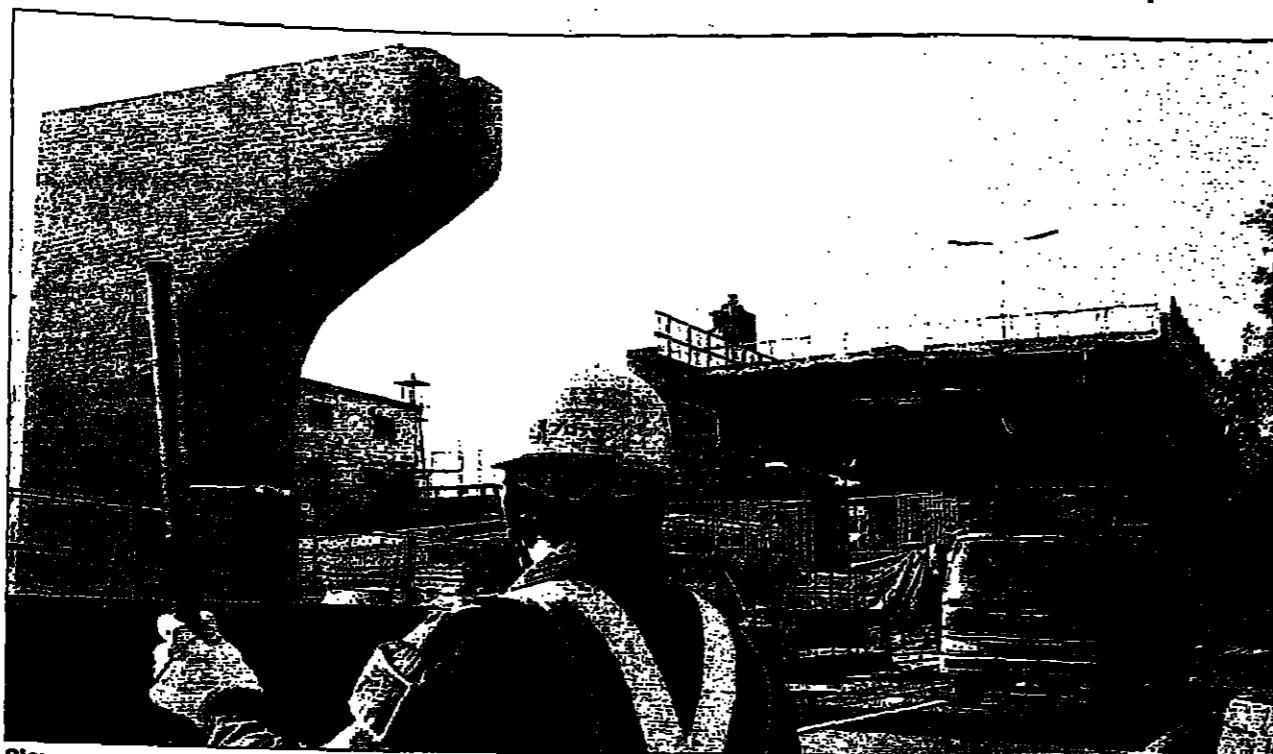
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JY Kito 15/1
One year after the Kobe disaster: A report predicts up to 60,000 dead and £2,100bn damage if Tokyo suffers the same fate



Slow recovery: A security guard guides traffic under the Hanshin expressway, collapsed by the Kobe earthquake of 17 January last year (right). Reconstruction work is expected to finish before the end of 1996. Photographs: Reuter



Tokyo faces 'catastrophic' earthquake loss

RICHARD LLOYD PARRY
Tokyo

One year after the Kobe earthquake which killed 6,300 people, Tokyo faces an even greater disaster which could leave 60,000 dead and cause "staggering" economic losses, according to a new study.

The report, by Stanford University of California and an insurance research company, Risk Management Solutions, predicts what it calls "the largest

catastrophic loss (in economic terms) in history" whose knock-on effects could shake the international markets, and raise interest rates around the world. The research team considered the effects on the Tokyo area of a repeat of the great Kanto earthquake which killed 143,000 and razed two thirds of the city in 1923. It concluded that shaking and fires caused by the 7.9 magnitude quake would kill between 30,000 and 60,000 people, and seriously injure

80,000 to 100,000 others. Economic losses could reach \$3,300bn (£2,100bn). "The potential total economic loss is staggering ... 44-70 per cent of Japan's gross domestic product in 1994," the report concludes.

Sismically, 1995 was an alarming year, not just for Japan, but for the whole western Pacific Rim. In May, a town on the island of Sakhalin, in the Russian Far East, was destroyed by an intense, localised earthquake. Seismic activity through-

out the Japanese archipelago has been unusually high, with *tsunami* (tidal wave) warnings issued after submarine quakes of the northern island of Hokkaido, as well as the Amami Islands in the far south.

On the precise scale and timing of a future Tokyo earthquake, there is little consensus, and the impossibility of accurate earthquake prediction in Kobe proved deadly. A 1972 study had predicted a tremor of magnitude 7, but the city authorities

chose to believe other reports, and made emergency plans on the basis of a quake of maximum magnitude five. In the event, last January's disaster was 7.2; the inadequacy of the emergency response cost lives.

The report underlines the fact that, twelve months after Kobe, Japan's worst natural disaster since 1923, little has been achieved to diminish the impact of future catastrophes.

Some scientists argue that the

Kanto earthquake, which has

struck at roughly 70 year intervals for the past 300 years, is not inevitable, but all agree that Tokyo, one of the world's most densely populated areas lies virtually on top of one of Japan's most seismically active zones. A thousand are set to be reinforced, but the city authorities cannot say how many, if any, have so far been completed.

Even given an agreed earthquake magnitude, variables make the task of calculating casualties almost impossible. Compared to the Stanford University report, the Tokyo City

Government predicts fatalities of just 9,400. The National Land Agency, on the other hand, cites a maximum figure of 350,000 killed or injured.

"If the Kobe quake happened during peak hours in Tokyo, one million would die, and all we could do is watch our houses burn," Professor Takanoshi Igarashi of Tokyo's Hosei University said. "There's only one lesson from Kobe, and that is that the government can do nothing."

The Palestinians believe the Oslo accord is just an extended truce'

Hebron — "The Palestinians only have islands of authority on the West Bank," says Khalid Amayreh, an Islamic writer and commentator in Hebron, as he criticises Yasser Arafat, the PLO chairman for mismanaging negotiations with Israel. "We will remain subordinate to the Israelis," he adds. "In their hearts the Palestinians believe the Oslo agreement is just an extended truce."

Cynicism about the first ever Palestinian general election, to be held on 20 January, is greatest in Hebron, the capital of the southern West Bank. Here there has been no Israeli military withdrawal. Troops protecting 400 Israeli settlers in the heart of the city will simply pull back to their barracks on election day.

Local candidates admit that the mood in Hebron is bad. Ali al-Kawasni, standing for Fatah, the political organisation of Mr Arafat, says: "I think that only 60 per cent will vote in the election, but if the Israelis truly go, then it would be 100 per cent."

In the villages outside Hebron, however, there are real signs of a transfer of power. In al-Fawwar, refugee camp housing 7,000 people five miles west of Hebron, we asked a local teacher called Hashem Al-Tid what benefits people in the camp had gained from Israeli redeployment. "We don't see

PLO election cynicism runs rife in the West Bank, writes Patrick Cockburn

they are getting from the present phase of the Oslo agreement, because the opposition, Islamic and secular, is not taking part. The two main secular opposition parties have put up a joint poster in Hebron which reads: "This election will split the people and split Palestine."

In the villages outside Hebron, however, there are real signs of a transfer of power. In al-Fawwar, refugee camp housing 7,000 people five miles west of Hebron, we asked a local teacher called Hashem Al-Tid what benefits people in the camp had gained from Israeli redeployment. "We don't see



Arafat: 'Mishandled talks'

the Palestinian Authority is taking over the rural hinterland of the West Bank, where 68 per cent of the total population live. To sceptics like Mr Amayreh this means little. "I asked a candidate from Fatah what they would do if the Israelis raided Dura," he said, and the answer was "Nothing". Arafat's bombastic rhetoric declaring liberated areas does not mean anything."

The parties boycotting the election point to the half-built bypass road cutting a swath through Palestinian vineyards beside the road to Jerusalem.

The weakness of the opposition is that it ignores the intense relief among most Palestinians in the West Bank at the departure of Israeli troops in December.

There is a genuine feeling

that 28 years of occupation are ending. Secondly, Hamas and the secular opposition have never produced an alternative policy to Mr Arafat's, but criticise him for not getting more concessions from Israel in the negotiations since Oslo.

Abstention by opposition parties and lack of clear programmes means that candidates spend their time trying to persuade leaders of clans and extended families to vote for them.

Patten tells HK to stand up to China

STEPHEN VINES
Hong Kong

Chris Patten, the Governor of Hong Kong, has urged the people of the colony to spend the last year and a half of British rule standing up for themselves, making their views known to the incoming Chinese administration.

He also made it clear that he thought that only hypocrites were criticising his administration for standing up to China.

Mr Patten was speaking yesterday during one of his regular radio broadcasts, which he uses to lay out aspects of government policy and thinking. This is by far his most outspoken broadcast, basically telling Hong Kong people that they have only themselves to blame if they remain silent about their fears.

"This is the time," he said, "if ever there was one, for speaking up and saying what one wants to happen."

He directly challenged suggestions by Chinese officials that he in particular, and the people in general, should be keeping their heads down for the next 500 days or so, describing this as a "extraordinary suggestion".

Mr Patten's remarks follow hard on the heels of an equally blunt message by the Foreign Secretary, Malcolm Rifkind, who visited Hong Kong last week, in part to tell its people that they could no longer rely on Britain to look after their interests, as there were aspects of policy now in Chinese hands which were beyond Britain's control.

The Governor pointedly told legislators, business leaders and members of "China's rather narrow circle of advisers in Hong Kong" that if they did not speak up, "no one else will do it for us".

He said that the people who believed in a policy of silence "have themselves the option of departing [from Hong Kong] with another passport to a company or to assets domiciled abroad if things don't work out here".

"I find it hard to understand their argument that it's fine to want the option of living in a free society oneself, but somehow wrong to stand up for everyone's right to go on living in a free society in Hong Kong."

The tenor of the Governor's remarks make it clear that he has no intention of spending the twilight months of British rule in the background, as has been urged on him by nervous business leaders.

This view is also held by some influential officials in the Foreign Office who believe Mr Patten is damaging both Hong Kong and British interests.

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ABOVE ALL, IT'S A ROVER

obituaries/gazette

James Holland

In the spring of 1948, less than three years after the end of the Second World War, with the euphoria of victory over and national morale at a low ebb, rationing still continuing and a critical shortage of building materials, five of the most experienced exhibition architects and designers in Britain started to plan the 1951 Festival of Britain. With James Holland were Sir Hugh Casson, Sir Misha Black, Ralph Tubbs and James Gardner.

Apart from the South Bank exhibitions, a huge funfair in Battersea Gardens and a series of regional events were proposed. It was, in the words of the Ministry of Works, which had studied the ambitious plans and visited a site still buried beneath its wartime debris, "quite simply impossible".

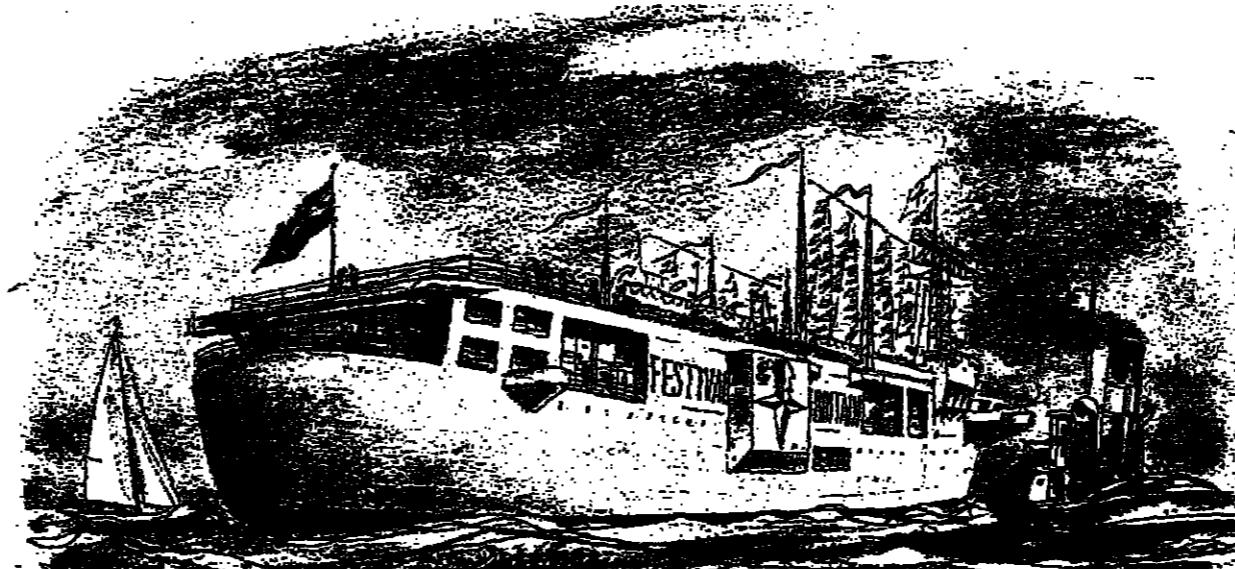
Ignoring this and backed by Herbert Morrison, who was its champion and provider, the festival was agreed and dubbed "A tonic for the Nation". The team began to assemble the largest group of designers the country has ever seen and not only took on the "impossible" task but each personally designed a section of the site. To his delight Holland drew "Sea and Ships" out of the hat (with Sir Basil Spence as architect and

Laurie Lee as scriptwriter – if a meeting started late, Lee would play his violin) and to Holland's further delight everyone agreed he should have the design of the escort carrier *Campania* to be a floating exhibition hall touring Britain.

Holland always said that his reward was not his OBE but seeing the crowds on the opening day. The public, who were accustomed to demob suits and Utility furniture, had experienced nothing like it and were thrilled. It was a signpost for the future and, above all, the first real fun on offer since the victory celebrations and street parties. So advanced for its day was the design work that this genre of architecture and furniture design lasted right through the Sixties and had a major influence on building design in Britain into the Seventies.

I first met this quiet self-effacing man when I applied for a post on his design team at the festival office and, as with all of those who worked with him, he remained a firm friend; true to his conscience, his painting the sea, the French life-style. It would be difficult to overestimate Holland's contribution in those years.

James Holland was born in



ink-and-wash drawing by Holland of HMS Campania, the exhibition ship of the Festival of Britain. Holland was chief designer of the floating exhibition, which visited 20 ports from Southampton and Dundee to Birkenhead and Glasgow between May and October 1951.

Gillingham, Kent, the son of a naval blacksmith at Chatham. At his father's insistence he was sent to grammar school but to a school of mathematics and studied navigation; his ship drawings earned him the President's Prize of the Royal Drawing School and a painting scholarship to Rochester School of Art, where he later returned

as a Governor. He went on to the Royal College of Art painting school in 1924, where amongst others he met and worked with Henry Moore and Edward Bawden and studied under Paul Nash.

Of his contemporaries, the Canadian painter James Boswell was notable. They became lifetime friends and the

two students made a number of painting trips to France on a shoestring budget. Holland held the first of many exhibitions while he was still at the college and he recalled the RCA sketch club gave him an invaluable opportunity to meet many of the leading painters, including Wilson Steer, Duncan Grant and Vanessa Bell.

On graduating, Holland joined Foots Cone & Bedding, working on advertising accounts such as Shell, and was commissioned by Jack Beddington with John Betjeman to write copy. He worked with Misha Black on the 1937 Peace Pavilion in Paris and by the time he met and married Diana John in 1937 he was a member of the

London Group and the New England Art Club and had established himself as a freelance illustrator of some stature.

Also about this time Holland, with Boswell and James Fitton, started the Artists International Association, pacifist organisation of artists. In 1940 he was offered a post at the Ministry of Information in the exhibition design department; here he worked with Misha Black, Milner Gray and James Gardner. His experience at the MoI was to prove invaluable to the Festival of Britain. When the festival finally closed Holland returned to advertising.

Shortly after he was appointed Group Art Director at Erwin Wasey Advertising. Holland remarried in 1953 to Jacqueline Arnall, with whom he spent the rest of his life. He was elected President of the Society of Industrial Artists and Designers (SIAD) in 1960/61; then in 1963 he accepted the offer to return to teaching as Head of the Faculty of Visual Communication Design at Birmingham Polytechnic.

This appointment allowed Holland vigorously to espouse his view that something taught was not something learnt. When in 1971 he retired from Birmingham he became Education Officer to the SIAD. The society (now the Chartered Society of Designers), then representing over 8,000 designers, is the professional qualifying body. Holland played a leading role in course construction and was instrumental in bringing a new spirit of realism and professionalism into British design courses. In 1980 he published *Minerva at Fifty*, a history of the society.

James Holland thoroughly enjoyed his retirement, continuing to write and paint with characteristic energy until he died. He urged others to follow suit.

Dick Negus

James Sylvester Holland, painter and designer; born Gillingham, Kent 19 September 1905; staff-Ministry of Information 1941-51; Design Co-ordinator Festival of Britain 1949-51; OBE 1951; Art Director Erwin Wasey 1952-63; President, Society of Industrial Artists and Designers 1960-61; Education Officer 1971-81; Head of Graphic Design, Birmingham Polytechnic 1963-71; married 1936 Diana John (two daughters); marriage dissolved 1950; 1953 Jacqueline Arnall (one son, one daughter); died Pembury, Kent 7 January 1996.

Ramón Vinay



Vinay (as Tristan) photographing fellow members of the cast of *Tristan und Isolde*, Covent Garden, 1958. Photograph: Hulton Deutsch

No heroic tenor could boast a finer memorial than Ramón Vinay's in the recording of Verdi's *Oello*, conducted by Arturo Toscanini, broadcast by the NBC Symphony in December 1947. For the next dozen years the Chilean-born tenor was the outstanding exponent of the role in America and Europe. He was also a superb Tristan and Siegmund, an excellent Don José and Samson, an interesting interpreter of many other roles, but it was his Oello that captured the public imagination.

Though his voice may not

have been as conventionally Italianate in quality as that of some of his successors, Mario del Monaco, Jon Vickers and Plácido Domingo, for example, it was a tremendously powerful and highly expressive instrument that, taken together with his strong dramatic presence and total absorption in the role, never failed to transport his audience. His first Oello in London, during La Scala's visit to Covent Garden in 1950, made an overwhelming impression on young persons like myself who had heard some good German opera, but nothing to match this in the Italian repertoire. Vinay soon demonstrated that he was also a magnificent Wagner singer. Like many another heroic tenor, he had started his career as a baritone, and retained a dark vocal colour that was particularly suited to tragic characters such as Tristan and Siegmund.

Vinay was born in Chillán, an agricultural town in Chile. His father was French, his mother Italian, and the boy was taken to France to be educated. He

played the violin in the school orchestra, but did not sing. His education finished, he was sent to Mexico to gain experience in his father's saddlery and harness business. He began to study singing and to perform as an amateur, at this point a baritone. Entering a radio competition sponsored by Coca Cola, he was heard by a representative of the Mexico City Opera, who engaged him for the company, and he made his debut in 1938 as Count Di Luna in *Il trovatore*. Other roles he sang

were Rigoletto and Scarpia. Then, finding his voice was changing, he studied further, and in 1943 made his tenor début as Don José in *Carmen*. The following year Vinay sang his first Oello in Mexico City, also appearing as Samson, Cavaradossi and Des Grieux in Puccini's *Manon Lescaut*. Some of the performances were conducted by Coco Cola, he was heard by a representative of the Mexico City Opera, who engaged him for the company, and he made his debut in 1938 as Count Di Luna in *Il trovatore*. Other roles he sang

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A stake through the heart of old simplicities

The dismissive mockery with which Michael Portillo and Ken Livingstone greeted Tony Blair's Singapore call for a stakeholder economy is more revealing than the applause it evoked in other quarters.

Not for the first – or the last – time, the New Right and the Old Left are at one. Neither understands what Blair is saying, but both sense that he spells death to the old politics in which both are mired. Both are afraid of him; and both clothe their fears in a world-weary superciliousness.

For the New Right and Old Left are prisoners of a mind-set which has dominated political discourse for the greater part of this century, and to which the very idea of moving towards a stakeholder economy is alien. That mind-set was both child and parent of the great ideological contest between socialism and capitalism which began in the closing decades of the 19th century, and which lasted until the closing decades of this.

The view of the world that it engendered was Manichaean: light against darkness, good against evil, progress against reaction. For Manicheans, the notion that reality consists of different shades of grey is at once inconceivable and ter-

The idea of the unregulated free market, the holy grail of our government for 15 years, is a chimera

rifying. But the Manichaean ascendancy has ended with the end of the Cold War. On the economic plane, though only on the economic plane, the contest between socialism and capitalism has resulted in a conclusive victory for capitalism. The socialist ethic of solidarity and fellowship is as compelling as ever. In some ways, it is even more compelling now than it was 100 years ago, for it alone offers an answer to the deadly cocktail of Sixties social individualism and Eighties economic individualism that threatens to drown us all.

The economics of socialism, on the other hand, have been fatally discredited. The primordial socialist assumption that central planning and public ownership were, by definition, more efficient than market co-ordination and private ownership – an assumption held as fervently by respectable British Fabians – has turned out to be the reverse of the truth. If productive power is the test of a social system, then the capitalist market economy is the most successful social system ever known.

But this is only the beginning of the story. The neo-liberal tri-

umphalists of the early Nineties, who confused the economic victory of capitalism with the end of history, were premature. What we have in fact entered is a new historical chapter, enormously richer and more confusing than the last, in which the terrible simplicities of the past 100 years no longer have meaning.

The question is no longer whether capitalism should be replaced by socialism, or the market by the state. It is what kind of capitalism we should embrace, where the boundaries of the marketplace should lie, how and by whom markets should be regulated. Behind these questions loom more fundamental ones.

Granted that capitalism has won the economic battle and granted, too, that the socialist ethic is even more sorely needed than it used to be, what form of capitalism is most congruent with that ethic? Granted that the production of most goods and services should be governed by market criteria, what kind of market economy is most likely to sustain a vibrant public domain, strong enough to nurture the community values which make a healthy civil society possible and governed by the principles of citizenship and solidarity?

For now that we have emerged, eyes blinking, into the post-Cold War daylight, we can see that capitalist market economies are not all of a piece. No doubt they all spring from the same fundamental propensity to truck, barter and exchange which Adam Smith thought intrinsic to human nature. But, like all the great universalist simplifiers, from Plato to Marx to Hayek, Smith obscured as much as he illuminated. Sexual desire is also intrinsic to human nature. So is the fear of death. Yet different societies regulate sexual behaviour and cope with death in widely differing ways.

So it is with the market. Markets are social constructs, embedded in societies, shaped by societies and sustained by societies. The unregulated free market which has been the holy grail of British government for more than 15 years is a chimera. All markets are regulated – if not by the state, then by custom, convention and the institutions of civil society. Because of this, the rational market agent, that ghostly phantom which has obsessed economists for about a century, is also a chimera.

What is rational in one society may be irrational in another. That, in turn, means that market economies do not all behave in the same way or produce the same outcomes. Some are more productive, more environmentally friendly and more socially cohesive than others.

In nailing his colours to the stakeholder mast, Mr Blair has shown that he is at home in this complex and challenging new world of variety and nuance. Albeit only tentatively and in embryo, he is proposing a politics for grown-ups in place of the infantilism of the Portillos and the Livingstones. Above all, he is opening the door to a left-of-centre

Neither Old Left nor New Right understands Tony Blair's stakeholder economics, but they know it spells death to the old form of politics in this country, writes David Marquand



project for government, more radical than anything attempted in this country in modern times.

For whatever else the notion of a stakeholder economy may or may not imply, it must imply a profound break with the assumptions and practices that have been central to Britain's shareholder capitalism for nearly 300 years.

At the heart of the stakeholder concept lies the simple proposition that property must discharge obligations to the wider community as well as to its owners: that the decisions of a capitalist firm must reflect the interests of its employees, its suppliers and the localities in which it operates as well as those of its shareholders.

The proposition runs against the grain of a conception of property rights that has been fundamental to British capitalism since its dawn in the 17th and 18th centuries. The British version of the capitalist market economy was born out of a revolt against conditional property in the name of absolute property, against the medieval principles of the just

price and *noblesse oblige* in the name of the unfettered right of the property owner to do what he would with his own.

Though the rights of property were, in practice, curtailed in the following 300 years, sometimes thanks to enlightened property owners themselves, the attitudes and assumptions formed during that revolt have never been abandoned. They permeated the institutions and operational codes of the state; they shaped the legal system and company law; they underpinned the mainstream tradition in economics. And they still do.

One reason they have never been seriously challenged is that they have influenced the mentality of the left as much as that of the right. For the best part of 80 years, socialists and anti-socialists alike have repeated the same Gertude Steinian mantra: property is property is property. Anti-socialists have done so because they have feared that any dilution of property rights would begin the slippery slope to socialist expropriation. Socialists have done so because they have been so eager to replace capitalism altogether that the idea of swapping one model of capitalism for another has seemed to them irrelevant, or treacherous, or both.

One result is that the British trade union movement has been more anxious to screw the highest possible wages out of hostile employers than to share managerial power and the responsibilities that go with it. Another is that the occasional Labour governments which have flitted across the British political scene have left the fundamentals of British capitalism virtually unchanged. The British mixed economy, inaugurated by the post-war Labour government, was a mix of British capitalism with the British state. It was less a new model than the familiar old model with a slightly different chassis.

Now Mr Blair has signalled a break with this tradition. If the signal is followed by action, it will be the best thing to have happened to the British left in my adult lifetime. But the proviso is crucial. It is easy to say you want a stakeholder economy. It is much more difficult to face down the massive nexus of vested interests – international as well as domestic – which stands in the way.

Moving towards a stakeholder form of capitalism would imply, at the very least, radical changes in company law, radical changes in the financial system, radical changes in industrial relations and radical changes in the relationship between central and local government. The role and status of a company would have to be redefined, so that managers had a duty to stakeholders as well as to shareholders. The insistent pressure of the stock market would have to be blunted. Capital would have to accept organised labour as a social partner, and organised labour would have to accept the obligations of partnership. Central

government would have to free local government from the financial strings of Whitehall, so that local stakeholders could jointly determine how best to develop their local economies.

Even this is only the beginning. Stakeholder capitalisms are more competitive in the global marketplace, and more popular with the world's currency markets, than shareholder ones. The short-termism, asset-sweating under-investment and disdain for human capital that are endemic in the Anglo-American version of shareholder capitalism may be good for property owners in the short term, but they are sure sources of relative economic decline and currency depreciation in the long term.

Unfortunately, it does not follow that the world's financial markets will look with favour on a switch from the shareholder to the stakeholder model in the early stages, before the new policies have had time to work. Without measures to de-couple the domestic economy from increasingly feverish global capital markets, no such switch can be made. And the only realistic measure in sight is early entry into a European Monetary Union – with all that that implies for the sacred British tradition of absolute West-

In the post-Cold War daylight, we can see clearly that capitalist market economies are not all of a piece

minster sovereignty. That leads on to the most radical implication of all. The absolute ownership of the shareholder mirrors the absolute sovereignty of the Crown-in-Parliament, and the absolutist conception of political power that flows from it.

Stakeholder economics demands stakeholder politics. And stakeholder politics must be the politics of power-sharing, negotiation and mutual education – a politics that requires the transformation of the British constitution and the reconstruction of the British state.

Mr Blair has gone too far to turn back. His only choice is to charge on. When battle starts – at start it will – he will need all the help he can get.

The writer is director of the Political Economy Research centre at Sheffield University and Principal Elect of Mansfield College, Oxford.

For details of an international conference on stakeholder capitalism to be held at the University of Sheffield on 28 and 29 March, write to: Sylvia McColm, PERC, University of Sheffield, Elmfield, Northumberland Road, Sheffield S10 2TJ. Telephone 0114-282 6298 or fax 0114-275 5921.

DIARY



Told his own kisses, thanks
Minister's memoirs

Which government minister is toying with the intriguing title *More Room on Top* for his up-coming memoirs? It can only be Steven Norris, the transport minister, best known for his fleet of girlfriends (seven at the last count). His could be a very rare example of a kiss-and-tell memoir where it is the minister doing the telling.

Mr Norris, one of the greener (in the nicest sense) transport ministers of recent years, may be a major supporter and has been knocking on the door of the Cabinet for some time. But the Prime Minister is unlikely to be overjoyed at the



pop star — The Artist
Formerly Known As Princess.

Cooking for their country

prospect of the re-telling of the sexual encounters of one of his ministers. Mr Norris, of course, is separated from his wife, one of the reasons why he has the dubious distinction of being the only minister to survive newspaper claims of "scandals" in his private life.

According to Mr Norris, he is a loyal Conservative who is publishing the book partly to put the record straight on his private life.

If Mr Major needs advice on how to respond to the Norris memoir, he can always take advice from a senior spin doctor at Conservative Central Office, Sheila Gunn, one of the many former Norris flames.

New step for Disco Di

Readers' ideas of how the conversation between the Princess of Wales and Madonna would have flowed over their high tea together have been plentiful. I'm pleased to say a number of you showed convincing evidence of wasted youth by weaving large numbers of Madonna song titles (most notably "Express Yourself") into the conversation. But the prize goes to David Lockwood from Leamington Spa who speculated that Madonna and Diana were discussing the latter's plans for a post-divorce career as a



Fiona P-K: fiscals in a twist



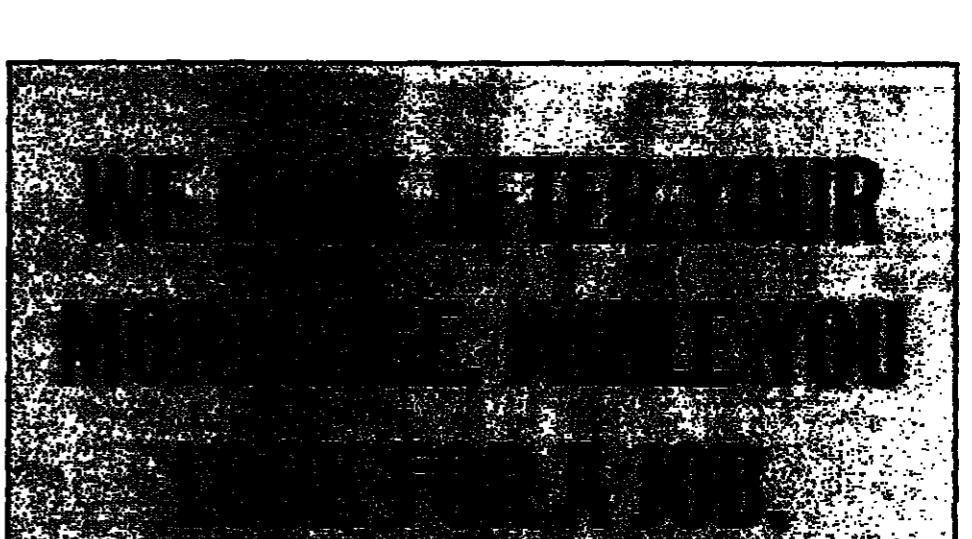
Chrissakes!

On Friday, the *New Christian Herald*, a weekly newspaper for evangelical Christians, is to be launched, with a print run of 45,000, twice the circulation of its rivals. Its editor is one Russ Bravo, who sounds like he comes from the Cliff Richard school of hip but wholesome evangelicism. Mr Bravo, a former journalist with the *Derby Evening Telegraph*, is suitably gung-ho about his paper's prospects.

"We're going where the rubber hits the road as far as faith is concerned," he proclaims. It is good to know that modern evangelicals prefer the whiff of burning rubber to that of brimstone, but the first problem of the new paper is to get its handbrake off.

It has signed a deal with the Evangelical Alliance, an organisation that claims to represent a million Christians, to be the official sponsor of its 150th anniversary celebrations for an undisclosed sum. The celebrations started at the weekend with a jubilee at Wembley Arena, a week before the launch of the *New Christian Herald*. The launch, apparently, was unavoidably delayed by an unforeseen development. Christmas.

Eagle Eye



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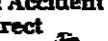
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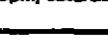
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Moral tales in the schoolroom

Dr Nick Tate is worried about the nation's morality, and in particular about how schools teach children about moral, spiritual and ethical matters. Good. Dr Tate is the chief school curriculum adviser to the Government, and it is his job to be concerned. And in a society which seems so fluid, and occasionally even dangerous, it seems more important than ever that schools should give young people a good grounding. Dr Tate's invitation to us all to participate in constructing a list of values for schools to teach is thus welcome.

Before taking up his invitation, however, it is necessary to point out some of the flaws in his own analysis. First, there are some holes in his critique of modern teaching. Most parents know that the majority of schools already place significant emphasis on moral behaviour and citizenship. Nor is it at all clear why the current teaching of "self-esteem" should be in conflict (as he suggests it is) with the transmission of "traditional moral values".

Second, the suggestion that society is somehow less moral today than once it was arises from a very narrow perception. It is certainly true that most people (including young people) are far less deferential to the supposed immutability of old black and white precepts; they prefer to formulate more individual moral codes for themselves. Anyone who doubts that should watch a teen soap or pick up a youth magazine, and see how heavily they concentrate on moral issues: should I sleep with him? how should I treat my friends?

Why Arthur should have waited

Athur Scargill has decided that he does not want to hold a strike in Tony Blair's New Labour. With a quiet dignity not always associated with him, he has walked away from a party that he believes has embraced capitalism and plans to set up a truly socialist alternative in the spring. Already, left-wingers from all over Britain are queuing up not to join him.

For most of Labour's hierarchy – and many ordinary party members – the Scargillite defection is straightforward good news. His opposition to Labour can now be used to emphasise the party's transformation into the natural new party of government. And all without pain, since those who go with him will be few, unimportant and unmissed. The history of the non-Labour left in Britain is, after all, one of division, defeat and marginalisation.

Such an outcome may be good for Mr Blair and his colleagues, but it is not necessarily great for democracy. Arguably, the creation of a post-Thatcherite neo-consensus, with all main parties committed to low inflation, low taxation, good public provision and pragmatism in Europe, leaves a vast amount of vacated political space on both the left and right.

But the present first-past-the-post voting system makes even the smallest parliamentary representation for such parties practically impossible. Even the millions of votes for the Liberal Democrats at the last election gained them only a score of seats. The Greens in Germany, an important political force in that country for nearly 20 years, would probably never have elected a single MP under Westminster rules.

Little wonder, then, that different ten-

It is true, however, that children need adult guidance on developing their own moral understanding, and that schools are having a tough time deciding how to lead. It must indeed be hard to talk about the drawbacks of single parenting or the responsibilities of fatherhood to a class full of children who never see their dads. For such children, the teaching of "self-esteem" may have a great value. But the report that trained teachers are so confused about sexism and racism that they are unwilling to teach any values at all is worrying. And, as Dr Tate says, boorish behaviour by parents, or irresponsible reactions towards the disciplining of their children, undermine teachers' efforts.

But the moral climate in schools is not going to be improved by a "return" to traditional moral values; nor is it necessary going to improve children's ethical outlook. Moral absolutism will do little more than discredit its teachers in the minds of young people far too sophisticated to swallow simplifications of subjects such as sexuality and marriage. The era of children chanting their catechisms and commandments by rote is lost for ever, and should not be lamented.

All we really need is for teachers and parents to impart, by word and by example, lessons in good citizenship that emphasise the responsibility we each bear for one another (from not littering to blood donation). Children readily understand the ancient core dictum of all civilised societies – do as you would be done by. But there are times when we might all go back to school for that one.

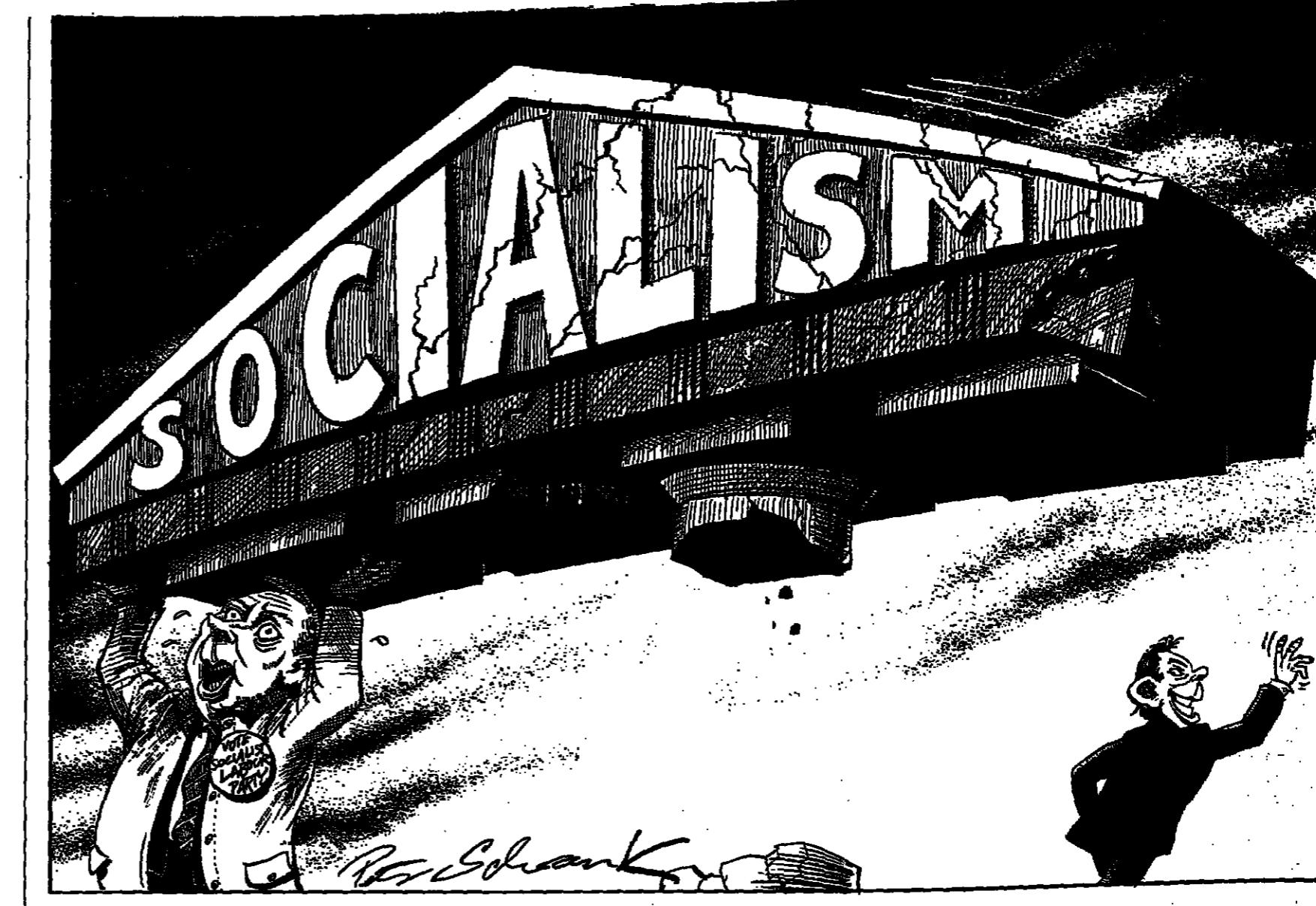
His personal political trajectory towards the left in French politics, from a comfortable bourgeois rural childhood and adolescence, the impact of Nazi occupation and his own period in captivity and then as one of the leaders of the French resistance who dared to oppose de Gaulle, his ministerial responsibilities in the Fourth Republic alongside Pierre Mendes-France and others, formed a complex personality. In spite of this, and probably because of this, he became one of the few European politicians or political leaders to have developed a clear strategic vision of his country's role in Europe, and Europe's role in global politics.

He continued to inspire

Presumably, this is one reason why Mr Scargill has always been a firm supporter of electoral reform, seeing it as a necessary condition for the success of a genuinely socialist party. With a more proportional system, we could well see a centre-left party (Labour and Lib Dem), a centre-right one (Major, Howard, Heseltine and Shepherd), one on the left (Livingstone, Abbott, Skinner) and, on the opposite end of the spectrum, the Portilloists. Perhaps some Greens would be in there, too.

But Mr Scargill, appalled by what he sees as the irreversible betrayal of all he holds dear, has not felt able to wait until after the election of a Labour government and the redemption of Mr Blair's promise to hold a referendum on electoral reform. He wants to be in a position to oppose Prime Minister Blair from day one of the new era. If there are stakes around, Mr Scargill will want to do the driving. And this shows impatience, rather than judgement. He is doomed to fail.

Little wonder, then, that different ten-



LETTERS TO THE EDITOR

Mitterrand: a man of political courage and faith

From Mr David Lowe

Sir: I was surprised to read such a misleading interpretation of recent French political events as described by John Laughland ("Mitterrand's deadly legacy", 11 January).

The French nation has mourned François Mitterrand's passing and many beyond the frontiers of France have paid tribute to his great contribution to European co-operation, to the promotion of equality, to his attack on racism and nationalism: "Nationalism, c'est la guerre!"

His personal political trajectory towards the left in French politics, from a comfortable bourgeois rural childhood and adolescence, the impact of Nazi occupation and his own period in captivity and then as one of the leaders of the French resistance who dared to oppose de Gaulle, his ministerial responsibilities in the Fourth Republic alongside Pierre Mendes-France and others, formed a complex personality. In spite of this, and probably because of this, he became one of the few European politicians or political leaders to have developed a clear strategic vision of his country's role in Europe, and Europe's role in global politics.

He continued to inspire

French youth and his election in 1988 to a second term of office owed much to the support he earned among the younger French electorate. He himself admitted that his great regret was not to have achieved more in the fight against unemployment, particularly among the young.

To accuse Mitterrand of

dictatorial and centralising tendencies,

as Mr Laughland does, is ridiculous.

Who was responsible for the

greatest decentralisation of

French political decision-making

since the Napoleonic era?

The empowerment of local and regional authorities was among his earliest constitutional reforms; his respect for the electorate's choice following the left's defeat in 1988 and 1993, and his management of the cohabitation period under the premiership of Chirac and Balladur, consolidated French political institutions:

the Maastricht referendum giving the people their chance to decide on France's future in Europe, though a great political risk, demonstrated both

his own political courage and his

faith in the French people.

Yours faithfully,

PETER MORRIS

Department of Languages and European Studies

Aston University

Birmingham

11 January

From Professor Peter Morris

Sir: John Laughland has been denouncing François Mitterrand for a number of years now. He rightly observes it is caused by the traffic on the A34 through Newbury, might somehow be relieved by building the proposed bypass. This is surprising in view of the widely known fact that the vast majority of that traffic is local and would not be displaced by the bypass.

If the bypass did this in 1968

and so did Pompidou in 1972. It

is also the case that in 1986, and again in 1993, Mitterrand responded to the election of a hostile majority in the National Assembly by appointing a government of his political opponents

and allowing it to govern.

What became known as "cohabitation"

demonstrated not only the flexibility of the Fifth Republic's constitutional rules

but also Mitterrand's recognition

that the president does not possess a monopoly of democratic representativeness.

A touch of intellectual serenity might have reminded Mr Laughland of these points.

Yours faithfully,

PETER MORRIS

Department of Languages and European Studies

Newbury, Berkshire

11 January

Newbury alternatives ignored

From Mr Steve Greenwood

Sir: Colin Read's letter (11 January) implies that the "noise pollution and disruption", which he rightly observes is caused by the traffic on the A34 through Newbury, might somehow be relieved by building the proposed bypass.

This is surprising in view of the widely known fact that the vast majority of that traffic is local and would not be displaced by the bypass.

The bypass could only serve to remove a fraction of the current traffic while generating yet more traffic growth, thus worsening the situation.

The Government has soldiered

on with its flawed scheme seem-

ingly oblivious to this knowledge,

peddling the justification that the

bypass was approved subject to

democratic processes. The terms

of reference of both public

inquiries confined debate to a

narrow range of options, primar-

ily the route the bypass should

take, so the question of whether

a new road was actually needed,

and what the alternatives to it

might be, was never addressed.

Yours faithfully,

STEVE GREENWOOD

Newbury, Berkshire

11 January

January) that the Newbury bypass "has satisfied the due processes of law and consultation".

The public inquiry was held in the late Eighties. It has now been officially acknowledged that the methods of traffic forecasting in use at the time were incorrect in a way which could seriously exaggerate the case for roadbuilding.

The Highways Agency claims that it has reassessed the Newbury bypass – even though the committee set up to advise on new methods of forecasting has not yet reported – but refuses to publish its study.

The inquiry did not consider means of tackling the problems other than roadbuilding, but in recent months ministers have recognised the need for policies to make the best use of the roads we already have. In addition, the cost estimate submitted to the inquiry was too low. Last October, the Highways Agency sent Joa Walley MP a list of all the road schemes completed in the preceding five years for which out-turn costs were available. In every one of the 78 schemes, the original cost estimate had been exceeded.

Yours faithfully,

STEPHEN PLOWDEN

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STEPHEN PLOWDEN

Will Europe ever be ready for the Euro?

With even the mighty Germany unable to meet the requirements for monetary union, plans for a single currency by 1999 seem doomed

How quickly pleasure can turn to pain, hope to despair and optimism to embarrassment. Only one month ago, European Union leaders meeting in Madrid were congratulating themselves on having finally chosen a name for the planned single currency – the Euro – and on having set out in detail the process by which monetary union would start in January 1999 and be completed in 2002.

For a moment, it seemed that this most politically driven of European projects could really begin on schedule despite concerns about the economic health of numerous would-be participants. In Madrid, few EU leaders wanted to be reminded of problems such as those in France, where prolonged public-sector strikes and an anticipated slowdown in growth appeared to be undermining the government's chances of meeting the Maastricht treaty's conditions on low budget deficits.

Now, however, a new and potentially devastating obstacle to the Euro's successful birth has arisen from a most unexpected quarter – Germany, the economic power-

house of Europe and linchpin of the monetary union plan. Data published last week showed that the German economy had all but spluttered to a halt, with growth of only 1.9 per cent in 1995, unemployment up sharply last month from 9.3 to 9.9 per cent, rising bankruptcies and weak industrial orders.

Worse still, Germany's Finance Minister, Theo Waigel, who had spent the closing months of 1995 arguing for stricter measures to ensure EU budgetary discipline after the Euro's launch, was obliged to confess that Germany had failed last year to meet Maastricht's stipulation that a country entering monetary union should have a budget deficit of no more than 3 per cent of Gross Domestic Product. Germany's 1995 deficit turned out to be 3.6 per cent, a figure that shocked German economists and provided scope for much *Schadenfreude* in the press of other EU countries.

"Jesus Christ is dead, Karl Marx is dead, and even Germany isn't feeling very well," the Milan newspaper *Corriere della Sera* wrote mockingly. A wicked but understandable gibe:

it was Mr Waigel who asserted last year that Italy would fail to meet the grade for the single currency.

Before assessing whether the Euro is still on course for its 1999 launch, it is worth observing that no EU country in its senses should seek comfort from Germany's troubles. A slowdown in the German economy means fewer imports from other EU states, and that translates into lower growth and higher unemployment across the whole of the EU.

British opponents of the single currency should bear in mind that the most likely reason for delaying monetary union will be a recession or so-called "pause in growth" in the European economy that puts the Maastricht targets on low deficits and public debts beyond the reach of key countries such as France, Italy, Belgium and, it seems, even Germany. Yet Britain, with its opt-out from joining the single currency in 1999, would have no cause for joy, since any recession or slowdown in other EU states would hit British jobs and prosperity as well.

That said, it does seem increasingly strange for EU governments to



TONY BARBER

The choice of 1999 was essentially political in nature

be engaged in drastic budget-cutting and tax-raising measures at a time of low growth and stubbornly high unemployment – 11 per cent across the EU as a whole. Governments have been forced into this policy straitjacket for the sake of meeting fiscal targets for a year that was quite arbitrarily selected by negotiators meeting in a Dutch town in 1991.

"One cannot conceive of monetary union with 11 per cent unem-

ployment," Italy's Prime Minister, Lamberto Dini, said last week. "This negative record must be corrected in a lasting way."

The defence put forward by the men of Maastricht is that they expected the European economy to be on the up in the late 1990s and this would prove relatively easy for most countries to meet the treaty's conditions. However, it is difficult to avoid the conclusion that the choice of 1999 was essentially political in nature, designed to ensure that monetary union got under way, come hell or high water, before the end of the century.

EU leaders agreed in Madrid that they would decide in early 1998 which countries have qualified for monetary union. Obviously, the only country that currently meets all Maastricht's conditions in full is Luxembourg, which contains 0.1 per cent of the EU's population.

During this year and 1997, therefore, we can expect to see a feverish scramble in most EU states to cap spending and cut public debts at just the time when the European economy needs a return to expansion.

In France, where the conservative government's austerity measures recently provoked the worst social unrest since 1968, it is quite likely that the government will have to impose more belt-tightening this year in order to meet Maastricht's deficit target.

This can only put more downward pressure on French growth, delay a fall in unemployment and contribute to social tension. In the country where the Maastricht treaty was only narrowly approved in a 1992 referendum, it is quite possible that public opinion will see fewer and fewer merits in monetary union.

However, all this need not mean the Euro is doomed. For one thing, a little-noticed clause in Maastricht Article 109j (4), could be interpreted to let the EU choose a date other than January 1999 for launching monetary union.

Paradoxically, Germany's economic difficulties may therefore make it more likely that the Euro starts on schedule. Postponement of monetary union for a few years is certainly a strong possibility, but it is too early yet to rule out a launch as planned in 1999.

You've nothing to gain but your chains

Here's an idea, Mr Howard. Instead of locking up criminals in expensive prisons, why not shackle them to the nearest lamppost?



NIALL FERGUSON

There are some people – I would guess around 100 per cent of the readers of this newspaper and all their friends and relatives – who are deeply shocked by the notion of women giving birth in shackles. Indeed, by attempting to defend the policy of chaining pregnant prisoners like dogs, Ann Widdicombe last week pulled off a remarkable feat: she made herself even more unpopular than Michael Portillo.

I admit even I was momentarily appalled – mainly at the sheer incompetence of those responsible for this public relations fiasco. Yes, people escape from the slammer – they always will. After all, if men could escape from Devil's Island, Alcatraz and Colditz, then there is no such thing as an escape-proof nick. But the Home Office has never really recovered from the great escapes from White-moor and Parkhurst. I don't know where Michael Howard has been since the shackles story blew up (something of a great escape on his part), but his fingerprints are all over this. It's the perfect Conservative conference gag: "Now that's what I call hard labour!"

Obviously, it is absurd to handcuff a woman who is giving birth; here I am in agreement with *Independent* readers. Even one who thinks she might be going into labour is unlikely to do a runner. The Home Office line is that 20 female prisoners have escaped from hospitals in the last five years. But only one of them was pregnant. It seems quite remarkable that her foolhardy escapade –

she jumped from a first-floor window – should have been the basis for a policy as unpalatable as this.

Nevertheless, to react with mere righteous indignation is ingenuous. For there is no denying that there is a certain logic (albeit somewhat Swiftian logic) to the reintroduction of the shackle – even dare I say it for mothers-to-be.

Our society's system of criminal justice relies heavily on imprisonment – too heavily, in my view. A lot of us are, have been or will be behind bars at some point in our lives. Though it is still short of its 1988 peak, the prison population is high at around 50,000, or 0.15 per cent of the adult population – the second highest in the European Union.

And this despite the fact that less than 30 per cent of crimes are ever "cleared up": despite the fact that a rising proportion of offenders never even make it into court; and despite the fact that less than 15 per cent of those convicted actually receive custodial sentences. If we sent as many of those convicted to prison as we did in 1990, the prison population would be four times larger!

Who are today's cons? Not on the whole, the serial killers and rapists whose crimes make the front pages. In fact, the

majority of prisoners have committed crimes against property or involving drugs – less than a third are in for crimes against the person. And most prisoners are serving sentences of less than four years. In this respect, the women in the shackles were typical. Sue Edwards (handcuffed throughout the birth of her baby girl) was serving three years for burglary. Annette Walker (shackled for 10 out of the 12 hours she was in labour) was jailed for four years after snatching a handbag containing £5,100 – far from her first offence. Kathleen MacKay (chained for 24 hours a day in hospital when 22 weeks pregnant) was jailed for shoplifting.

In only two respects are they untypical: the fact that they are women, who are still a tiny minority (around 10 per cent) of prisoners; and the fact that they were pregnant.

Locking up the likes of Sue, Annette and Kathleen costs money. Contrary to popular belief, the Tories have not starved the Prison Service of cash: on the contrary, expenditure on prisons has roughly trebled since 1982, and the ratio of inmates per prison officer has been halved. And yet the impression is inescapable that the prison system is not delivering (apart

from a few babies, that is) Crime – or rather public anxiety about it – shows no real sign of abating, rates of re-offending by those released from prison are depressingly high.

Which is why the policy of shackles – at first sight so repugnant – is in fact an unrecognised stroke of genius. The only real mistake has been to use shackles so sparingly – as a mere extension to imprisonment for those (such as pregnant women) who temporarily have to be let out of their cells, instead of as a complete alternative to incarceration.

This is my modest proposal (I leave the think-tank policy works to work out the details). Stop building new prisons; in fact, start demolishing them. Instead of locking up convicted criminals in expensive asylums where they merely teach one another even worse habits, simply shackle them.

It does not matter where. As the recent cases of manacled mothers show, shackles can be worn whatever the individual happens to be doing. And that is just the beauty of my proposal. Criminals will be able to lead virtually normal lives after they have been sentenced. They will merely have to endure the stigma and discomfort of doing everything – signing on, doing the shopping, betting on the horses, going down the pub – in shackles.

I emphasise particularly the stigma which attaches to wearing a chain, even without a large black metal ball attached. Annette Walker's letter published in the *Guardian* last week made this abundantly clear. "I was in pain, embarrassed, crying ... I wouldn't want (my children) to see what I am having to go through as they couldn't or wouldn't understand or believe this is happening to a human being who has never hurt anyone in her life physically ... I hid under the sheet, sobbing ...



Kathleen MacKay, a jailed shoplifter, chained to bed in hospital for 24 hours a day when she was 22 weeks pregnant

The shame I felt in these chains ... I just wanted to die. ... It is so wrong, I have never been a burden to social services ...

Well, no, Annette you didn't hurt anyone physically. You robbed them. Which is why you weren't a burden on the social services but a burden on the Prison Service. The fact that something finally made you feel shame – which implicitly you don't feel about being in prison – is really rather impressive.

The more I think about this idea, the more I like it. Shackles, after all, are inexpensive compared with prison cells. And there is no particular need for people to be shackled to prison officers, who cannot be expected to spend 12 hours at a stretch in the delivery suite every time a convict takes it into her head to give birth. No, lampposts will do for minor offenders. Perhaps we might even consider some purpose-built stocks, appropriately located in town centres.

Are you reading this, Mr Howard? Are you following my train of thought? Because I'm offering you two election-winning slogans for the price of one, you know. "That's the sound of the mums – working on the chain gang." And: "Burglars of Britain, unite. You have nothing to gain but your chains."



Stocks: a neat alternative to shackles?

It's time for Scotland to turn the clocks forward

The proposed British Time Bill will improve the quality of life for most Scots, says Brian Wilson

As I write, dusk is falling. It is bleak, miserable and 4pm. The idea that because I am Scottish I have some unique gloomy attachment to this unnecessary state of affairs is misguided and now is the time to say so. Our Presbyterian nation, in which spiritual darkness is often bemoaned, should rise up and say: "Let there be light." This Friday, MPs will have the opportunity to do so during the second reading of John Butterill's British Time (Extra Daylight) Bill.

We all have sympathy with Shetland crofters and it is true that those of them who attend to their agricultural duties in the mornings would spend an hour more of their pre-breakfast time in darkness on (according to the pro-change lobby) 40 days of the year. This is regrettable, though not more so than for their counterparts in northern Sweden, who survive happily on European time.

However, it should be remembered that Lerwick is more distant from the central belt of Scotland than is London. There is, therefore, a balance of consideration within Scotland as elsewhere.

A columnist in the *Scotsman Gazette*, not exactly a publication of the official Scottish, recently commented on

the heart-rending account which someone in Oban persuasively offered to Today listeners about how he was suffering darkness while people in the South, even without change, were enjoying daylight. The writer found this difficult to understand since he, 100 odd miles farther north, was at that moment watching dawn breaking.

Beware the over-eagerness of the pro-change lobby. Michael Forsyth, the Secretary of State for Scotland, should certainly have done so before jumping in so prematurely to denounce the Butterill Bill. Apart from his allegiance to the farmers' lobby, Forsyth was presumably motivated by a desire not to be outbid by the Nationalists, for whom any proposal which emanates from Bournemouth must by definition be tainted with anti-Scottish prejudice.

Forsyth's determination not to be left behind in the rush for the bandwagon raised the stakes and could possibly condemn the Bill to an early death. His ability to stop its progress became a litmus test of his own influence and standing. If he fails, ridicule will descend upon him.

It would have been a lot better if Forsyth had taken account of the clear division which exists within Scotland

and had done his bit to prevent this becoming an artificial Scotland v England encounter.

After Butterill's intention was declared, I wrote an article in my own local newspaper. If one was to believe some of the more hysterical opponents of change, this is unprovable one way or another until genuinely comparable figures can be obtained, and we cannot have these without at least an experiment.

The Transport Research Laboratory believes the change would be likely to lead to 60 fewer deaths and serious injuries and 270 fewer slight injuries a year on Scottish roads, taking account of travel patterns and the fact that more accidents occur in the afternoon than the morning.

I am wary of such precise hypothetical statistics, but the general point surely cannot be dismissed lightly, as Forsyth has sought to do.

Most of the other arguments cannot themselves out. Yes, I am sympathetic to pensioners facing increased risks of attacks through working in the dark. But, equally, I am concerned for women who are vulnerable to attacks as they make their way home from work in the early evening.

All these points can be evaluated only once the change is made. Parliament could then change back again, if it so wished. What is incontrovertible, in Scotland as in the rest of Britain, is that there would be more time all year round for people to enjoy the pleasures of daylight. The ScotNat jobs that this is all to serve the interests of "the South of England leisure industry" is paranoia at its most absurd. Do we not also have a leisure industry in Scotland? And do we not have a population that wants and needs more leisure? Are our noses to be cut off to spite the faces of "the English"?

Forsyth's colleagues in the Cabinet should tell him to hop off and support a genuinely free vote in the House of Commons. If the Bill survives on Friday, I am going to take democracy one stage further and allow my constituents to influence how I vote by conducting a ballot through my local press. Perhaps if every Scottish MP did the same, the polarised position which the Tories and the Nationalists have decided is expedient would seem even more fallible.

The writer is Labour MP for Cumbernauld North.

Winner of the Crime Writers' Association's GOLD DAGGER AWARD for the best crime novel of the year

THE MERMAIDS SINGING
VAL McDERMID

'Compelling and shocking'
Minette Walters

'England's answer to The Silence of the Lambs... A bombshell of a plot... It is truly, horribly good'
Frances Hegarty, *Mail on Sunday*

'Well written and powerful, with a neat twist at the very end'
Times Literary Supplement

HarperCollins Publishers

Alliance and Leicester likely to float soon

DIANE COYLE

Alliance and Leicester Building Society will give free shares to all its members when it floats on the stockmarket – a move likely to be announced shortly. Unlike Woolwich, which last week announced its decision to convert to a bank, Alliance would not bar “carpetbaggers” who had only recently opened accounts from cashing in on the windfall.

Alliance denied a weekend report that it had set a firm date of 1 February for its flotation. A spokeswoman said this was

speculation: “It is something that we are looking hard at but a decision has not been made.” She confirmed that if the decision was made to join the stockmarket, there was unlikely to be a cut-off date on membership accounts opened before the formal announcement. “We would not be in the same position as Woolwich,” she said.

The building society sector has been plagued by the wave of “hot money” inflows as investors try to take advantage of conversion and flotation plans by opening numerous accounts

with small balances. Woolwich raised its minimum required balance to £500 last summer. Woolwich members will receive shares worth between £750 and £1,000 when it floats next year, but 35,000 members who opened accounts after 31 December are not eligible for the give-away.

Alliance took action before Christmas to stem the flood of speculative money into new accounts by raising its minimum required balance to £5,000, and replacing its instant access account with a deposit account

for new investors. Along with Nationwide, Alliance has been one of the building societies most widely tipped to abandon its mutual status and become a bank listed on the stockmarket. Alliance therefore feels it has taken enough action in the past to keep new inflows under control.

Alliance investors will receive some £850-worth of shares on its conversion to a bank. The float would value it at nearly £3bn.

If it goes ahead with the

plans next month, the society would aim to put the vote to members as quickly as possible, with a view to making the switch to bank status by early 1997. This would be at about the same time as Halifax, which recently merged with Lums Permanet, but before Woolwich.

Alliance has a banking licence for its Girobank subsidiary, bought from the public sector in 1990. This would speed up the conversion process. The building society is being advised by investment bank JP Morgan.

Alliance's 1995 pre-tax profits

are expected to be £340m, of which Girobank and other subsidiary divisions account for two-fifths.

Nationwide is believed to have backed away from the option of converting to a bank, while Bradford & Bingley and Bristol & West recently repeated their continued commitment to mutual status.

Analysts believe that a number of smaller societies face the possibility of takeovers.

When Woolwich announced its decision last week, chief executive Peter Robinson ex-

£8bn debts: Governments accused of ‘massive non-delivery of promises’ on revenue from railway services

Eurotunnel turns up the heat in latest crisis talks

DAVID HELLIER

Sir Alastair Morton, co-chairman of the troubled Channel-tunnel operator Eurotunnel, is set to intensify his campaign this week to press the UK Government to help him secure a refinancing of the company's £8bn of loans.

He wants the Government to join him and the group's bankers at the negotiating table in talks on how to help the company over its latest crisis.

One day last week, rumours that the troubled company could be about to be declared insolvent sparked a substantial fall in the company's share price.

Sir Alastair and the company's other co-chairman, Patrick Ponsolle, are set to write this week to their respective transport and finance ministers, asking them to renegotiate Eurotunnel's contracts with the two countries.

“It's clear that pain is going to have to be endured by the group's banks and its shareholders. We believe that the government should be taking an equal share of the pain, given the assurances it gave right at the start of the project,” a source close to the company said yesterday.

Sir Alastair and Mr Ponsolle believe their case for getting the UK Government to sit at the negotiating table depends on promises made by the British Government at the outset of the project, backed by a

letter sent to the group's main Japanese bank backers shortly after the contractors, TMI, had been awarded the tender to build the tunnel in 1986.

The Thatcher letter is said to have contained a series of assurances and promises to the Japanese bankers that the Eurotunnel co-chairmen believe have not been kept to.

Although there was not an unambiguous guarantee of a government bail-out if the project went awry, many of the Japanese bankers are believed to have interpreted the Thatcher missive as a letter of comfort.

Eurotunnel believes the British Government has fulfilled fewer of its promises than its French counterpart. But the French government will be approached too.

“We are planning to ask the two governments to renegotiate and discuss how they will make up for the massive non-delivery of promises given by them in respect of income that would flow from the half of the tunnel capacity that they demanded in return for the tunnel concession when it was first granted,” Sir Alastair said over the weekend.

Eurotunnel has three complaints. These cover the government's rail-traffic forecasts, the implications for the tunnel of British Rail's fragmentation in the run-up to privatisation and the extension of duty-free sales on the cross-channel ferries. One possibility is that Eurotunnel may demand an

increase in the £200m-a-year minimum payment from the British, French and Belgian railways for the capacity which they demanded when the company was originally granted the concession.

Eurotunnel may also ask for an extension of the tunnel's 65-year concession, which would give its backers extra comfort should they decide to put up new money.

Eurotunnel suspended interest payments on its junior debt in September last year and since then it has been desperately trying to negotiate a financial restructuring with its bankers.

One likely option now being considered is a debt-for-equity swap which may see the banks ending up owning more than 50 per cent of the group's equity as well as its debt.

In one scenario – detailed in banking documents distributed to the company's backers in September – the banks, assuming shuttle revenues only 10 per cent lower than independent forecasters, would not envisage getting their money back and accrued interest on the project until 2052.

The banks leading the discussions over the restructuring are National Westminster, the Midland, Credit Lyonnais and Banque Nationale de Paris.

The banks are also being independently advised by Coopers and Lybrand, who have a team that specialises in financial restructurings.

“We are planning to ask the two governments to renegotiate and discuss how they will make up for the massive non-delivery of promises given by them in respect of income that would flow from the half of the tunnel capacity that they demanded in return for the tunnel concession when it was first granted,” Sir Alastair said over the weekend.

Eurotunnel has three complaints. These cover the government's rail-traffic forecasts, the implications for the tunnel of British Rail's fragmentation in the run-up to privatisation and the extension of duty-free sales on the cross-channel ferries. One possibility is that Eurotunnel may demand an



Sir Alastair Morton, co-chairman of Eurotunnel, is set to write to transport and finance ministers this week

Watchdogs in new pension row

NIC CICUTI

new agreement announced on Friday, between the regulator and specialist insurers.

Professional indemnity insurers, who will foot most of the compensation bill for pensions mis-selling, have waged a bitter campaign against the original form of the letters because they stated that victims had a right of redress.

The consumer watchdog has accused the regulator, the Personal Investment Authority, of watering down its instructions to financial advisers involved in the mis-selling of personal pensions.

The insurers' opposition sparked a mass boycott by financial advisers by the pensions review first ordered by the regulator nine months ago. After months of talks, the PIA gave way to insurers last week, and removed any reference to compensation from the letters.

The Consumers' Association yesterday attacked the deal as

a climbdown that would lead to far fewer victims having their cases reviewed to see if they are entitled to any compensation.

Philip Telford, a senior researcher in the CAA's money policy group, said: “We are keen to see any blockage cleared so that the review can be carried out. But we would also be very disappointed at any weakening of the original review letter. The reality is that many people do not respond to these letters even when prompted. Taking away the part about compensation removes an incentive for them to do so.”

He added: “One must also ask why it is that the PIA has changed what must clearly have been its preferred letter. If the

wording was right in the first instance, why is it not so now? There seems no doubt that [the PIA] backed down under the instructions of the insurers.”

The PIA claimed its change of mind broke the logjam preventing hundreds of thousands of urgent cases from being reviewed. Joe Palmer, PIA chairman, said: “I am very pleased that constructive discussions with a number of leading insurers will enable the review process to go ahead.”

The insurers had argued that to send letters telling people they might be entitled to compensation meant inviting claims against themselves. They feared the prospect of paying out hundreds of millions of pounds. In

“I think it is an extremely important issue. There should be a licence granted to companies and individuals by the Bank and the Stock Exchange, backed up by a strong disciplinary code, which can be withdrawn if somebody breaches the rules. Firms like mine are constantly in receipt of confidential information and should be exposed to the same sanctions as bankers or stockbrokers.”

Many in the City's public relations industry are talking about the possibility of a future Labour government tightening up and even imposing statutory regulation on their companies.

Offers for assets pour in to Granada

MATHEW HORSMAN

Granada, the television and leisure giant, has been inundated with offers for the assets it intends to sell if it wins a £3.8bn hostile bid for Forte, the hotels and restaurants group.

According to sources close to Granada, “the interest is huge and we have been overwhelmed by inquiries.” At least six seri-

ous buyers have emerged for Forte's motorway service areas, of which two are believed to be management buy-out groups. Granada expects between £250m and £300m for the operations. Bids for Forte's up-market hotel chains, Meridien and Exclusive, are also believed to have been proposed by trade buyers, including Bass, ITC-Sheraton and Marriott.

The banks are also being independently advised by Coopers and Lybrand, who have a team that specialises in financial restructurings.

Air France's Meridien chain in 1994, but offered less than Forte's £240m. An announcement of an agreement this week, in advance of the 23 January bid close, would be “icing on the cake,” a Granada spokesman conceded yesterday. “But that is very, very unlikely.”

An agreed deal at a good price would be enough to clinch

Granada's offer for Forte, analysts said. The bidder is already tipped to have done enough to secure victory, following its raised offer last week. But there are still doubts about its £2bn disposal programme.

Forte has dismissed the plan as a fire-sale. Granada hit back yesterday, calling on Sir Rocco Forte, the chairman and chief executive, to justify his own asset sales, which include the sale for £1.05bn of Forte's restaurants and Travelodge hotels to Whitbread.

Following the acquisitions, Forte would be “over-exposed to a sector of the hotel market which is highly cash consuming and vulnerable to a downturn in the economy,” Granada's chief executive, Gerry Robinson, said. “I have no doubt that new Forte shares would trade at a substantial discount” to the Granada offer, he said.

Forte responded that its “pure hotels company” would benefit from the upturn in the hotels cycle that is now under way.

IN BRIEF

Storehouse chairman

Storehouse, the Mothercare and BHS group, will announce that Alan Smith is to become non-executive chairman. Mr Smith, a former Kingfisher and M&S director, joins the board immediately and will take over from current chairman Ian Hay Davison. Chief executive Keith Edelman remains responsible for day-to-day management.

Time for change

Three out of four members of the CBI want Britain to move an hour forward on to western European time, according to a survey by the employers' organisation. But enthusiasm diminished the further north the business; 72 per cent of Scottish respondents said they would oppose the move.

No more shutdown

John Kasich, chairman of the House Budget Committee, said that Republicans would not force another shutdown of the Federal Government.

Winner of the Crime Writers' Association's GOLD DAGGER AWARD

for the best crime novel of the year

THE MERMAIDS SINGING

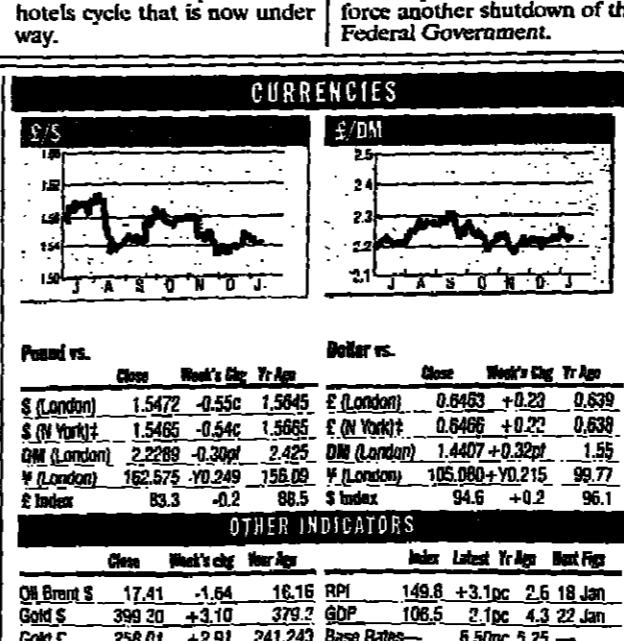
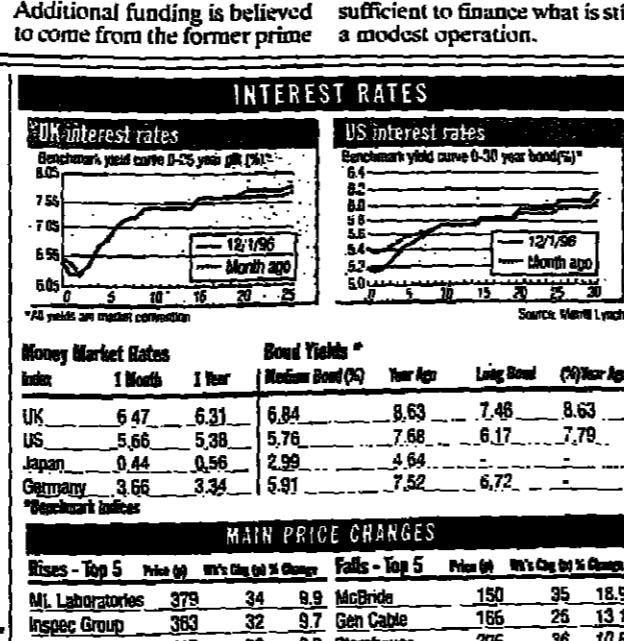
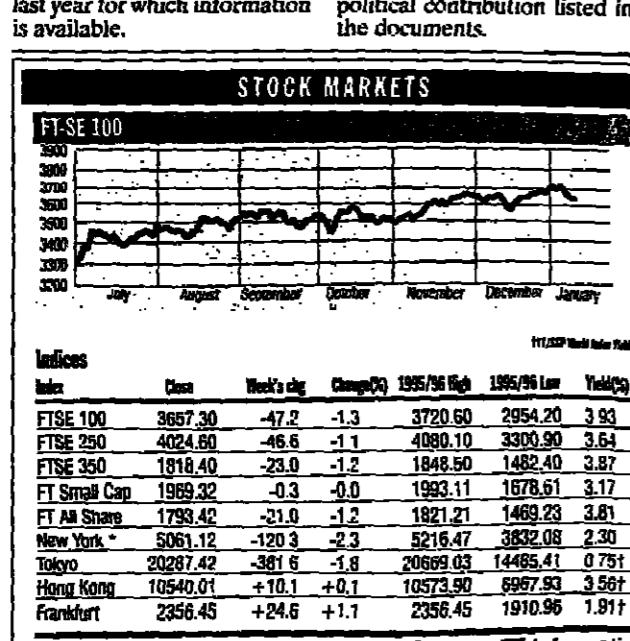
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Minette Walters

‘England’s answer to *The Silence of the Lambs*. . . A bombshell of a plot... It is truly, horribly good’
Frances Hegarty, *Mail on Sunday*

‘Well written and powerful, with a neat twist at the very end’
Times Literary Supplement

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Jy Divo 150

business



GAVYN DAVIES

'More troubling from Tony Blair's point of view is that the word "stakeholder" is something of a term of art which has acquired a specific meaning for certain people on the left, and their interpretation may not be music to Mr Blair's ears'

Tony Blair puts meat on the stakeholder bones

Until Tony Blair's speech in Singapore last Monday, most people probably thought that a stakeholder economy was one in which everyone holds a lottery ticket. Not any more. The Labour leader caused quite a stir with his promise to create an economy "run for the many, not for the few... in which opportunity is available to all, advancement is through merit, and from which no group or class is set apart or excluded."

Mr Blair explained to David Frost yesterday that he intends the term "stakeholder" economy to be an umbrella concept, under which a multitude of more specific policy initiatives will comfortably sit. Not only will it offer a basic litmus test for new policy ideas as they arise, but it is also intended to persuade the electorate that Labour has a "big idea" to set in competition with the more brazenly *laissez faire* approach of the Conservatives. Note that the term stakeholder applies to the economy in Mr Blair's lexicon, to emphasise its toughness, while the term "one nation" is applied to the vaguer concept of "society".

The Conservatives quickly recognised the danger of allowing the stakeholder concept a free run. But, as has been their recent habit, they were initially in two minds about how best to attack it. Michael Portillo was first out of the blocks, telling the nation that Mr Blair was simply mimicking the Thatcherite creed 16 years too late. Soon after, Michael Heseltine took an entirely dif-

ferent tack, claiming that this idea was Old Labour reincarnated, with powers being restored to the trade unions and other pressure groups. The fact that Mr Blair's speech had contained not one single word about the unions, or any other form of pressure group, was a disadvantage for the Heseltine interpretation, but this has nevertheless become the accepted Tory line. This will probably not worry Mr Blair too much - he is awfully hard to paint convincingly in Old Labour colours.

Perhaps more troubling from his point of view is that the word "stakeholder" is something of a term of art which has acquired a specific meaning for certain people on the left, and their interpretation may not be music to Mr Blair's ears.

One interpretation of the term is that championed by Will Hutton of the *Guardian*. He sees in it a new view - at least for the Anglo-Saxon economies - of the structure of the firm. In the US and the UK, the rights of the owners of the firm, the shareholders, are not only seen as sacrosanct, but company directors are required by law to protect them. This gives shareholders a primacy over other groups, such as employees, customers, or indeed the local community from which the firm derives its support services. Flowing from all this, it is claimed by the left, is the short-termism bred by Anglo-Saxon stockmarkets and the takeover culture. It is quite possible to imagine free market economies in which private firms do not

operate in this way. In fact, Germany is one such example - a genuinely free market economy, but paradoxically one which requires directors on supervisory boards to represent all the interest groups that come together in a firm, not just the shareholders. The absence of any significant influence from the outside capital markets is said to have encouraged a long-term approach to investment decisions, employment practices, and customer relations. Many in the Labour Party want to see the next government take legislative action designed to import the German system of corporate governance into the UK.

So far, Gordon Brown has been very cautious about making specific commitments in this area, and yesterday Tony Blair went out of his way to rule out any change in corporate legislation. This caution is amply justified. For one thing, the two industrial economies that are built most conspicuously on the stakeholder concept of corporate control, Germany and Japan, are probably the two countries facing the most severe economic difficulties at the moment. This is mainly because both economies are plagued by overvalued currencies, which have nothing to do with the stakeholder system - but it is difficult to make a convincing political case for copying either of them just now. More important, any attempt by the Labour Party to change the statutory

rights of shareholders, or to sanction the appearance of workers on company boards, would instantly play into the hands of Michael Heseltine, and justify his remarks about restoring power to the unions. Whatever the merits of the case, which are dubious anyway, it is not worth taking this considerable electoral risk - the avoidance of egregious error is probably all that is now needed to ensure a Labour election win.

There may, however, be some aspects of corporate reform which are safe ground for New Labour. It is important to distinguish sharply between measures which would trespass on the ownership rights of shareholders, which would be political death, and measures which encourage the representation of shareholders, whether company managers or investing institutions, to display more long-term behaviour. Mr Blair may have had this latter category in mind when he said that companies should no longer be bought and sold like commodities - a reference to Labour's plans to introduce a "public interest" criterion into the takeover code. Restricting hostile takeovers, and encouraging long-term shareholding through the tax system, are likely to be politically acceptable ways to encourage a stakeholder mentality in industry.

This leaves us with a further problematic interpretation of the stakeholder concept - that related to the welfare state. No sooner had Mr Blair sat down in the Far East than

maverick Labour MP Frank Field was claiming the speech heralded a root and branch reform of pensions and benefits. It is certainly true that the present welfare system does not protect workers from summary restriction of pension and unemployment insurance "rights" which they believed the state had bestowed. While it is unthinkable in a free society for the state to rescind individual property rights - indeed they are so deeply-rooted that they have often re-emerged in eastern Europe after 50 years of communism - the same is not true of the communal pension and benefit rights bestowed under a democratic welfare state.

One way of remedying this problem is to require individuals to build up their own "provident accounts" on the Singapore model of forced savings. These can be used for unemployment insurance, education, pensions and even housing. Since they are individually assigned accounts, and fully funded by supporting investments, they cannot be lightly cancelled by the state, and would certainly be compatible with a stakeholder economy. But would a generation which is already heavily taxed to pay for the unfunded pensions of its parents now vote for a second dose of forced savings to pay for their own pensions as well? It seems rather doubtful, to put it mildly. This may be another area where New Labour needs to proceed cautiously as it puts meat on the bones of the stakeholder idea.

hopes on the expanding service sector. But, as in Britain, services will not be able to soak up all the surplus labour.

For a country whose wealth has been built on industrial harmony, that could be devastating. For Germany's economists, who thought they knew everything that was to be known, there is another new word to be learnt, a g-word: globalisation.

Imre Karacs

Why the Germans are learning the g-word

VIEW FROM BONN

German economists are spending a lot of time these days trying to define the word "recession". In the Anglo-Saxon world, you need two successive quarters of negative growth to qualify for this dubious honour.

In Frankfurt, one quarter is usually enough, while the politicians in Bonn try to maintain that the concept barely has a German translation. Boom-and-bust economics is something that the British and Americans have. The last recession here was in 1993, and the next dip in the cycle was said to be at least another three years away.

The government is there-

Patriotism out of fashion as capital hedges its bets

more finding it very hard to explain what is happening now. In the last quarter of 1995, the economy at best stood still, or, according to the leading institutes, contracted by between 0.3 and 0.7 per cent.

The present quarter is forecast to be no better. Come April even the government might have to enrich its vocabulary with the "r-word".

In the meantime, the voters are being blinded with science. We are the technocrats explain, in the middle of an M-shaped curve. Output will start soaring again in the second-half of the year, powerfully enough to pro-

duce an annual growth rate of 2 per cent. Unfortunately, Germans are aware that Bonn has vastly overestimated last year's figure, and are now more inclined to believe gloomy predictions of a measly 1 per cent growth rate in 1996.

While this numbers game leaves the average person confused, the unemployment statistics need little deciphering. The headline figure rose by over 200,000 last month to 3.8 million.

As the downturn devours thousands more jobs, the Rubicon represented by the four million-mark will be crossed next month, perhaps sooner. The jobless rate will then go into double figures for the first time since the post-war "economic miracle". It will require another miracle to bring it down again to levels to which Germans are accustomed.

The trauma of mass unemployment is already keenly felt. The despondency experienced by easterners since reunification is beginning to grip the west, as leading opposition politicians raise the spectre of the "British disease" starting to infect Europe's last truly industrial decades.

"Where have we gone wrong?", Germans ask in the bemused manner of all those other Europeans who been posing the question for decades. The label "Made in Germany" still sells well, boost-

ing exports even in the disastrous last quarter. But like Japan Inc., which has had to subcontract some of its work to cheaper lands afar, the big concerns in Germany are also discovering greener pastures abroad - often, as in the case of Siemens, on the other side of the English Channel.

The arguments in favour of relocation are familiar enough: the native worker is too expensive, his or her work pattern too inflexible, the taxes on employment are the highest in the developed world, and regulations concerning all aspects of production are stifling.

Conservative politicians tend to distil all these factors into one single item: wages. The German worker, however thorough and efficient he might be, is simply too expensive. This argument has won many adherents in these times of uncertainty, even in the engineering union IG Metall.

For the first time since the War it is prepared to bargain away future pay rises in return for new jobs. But this line of reasoning has one deep flaw: the great names of industry are not migrating to the likes of the Czech Republic or Taiwan where skilled workers can be picked up for a pittance. Instead, they are building plants mainly in the US and Britain - countries where the cost of labour is admittedly lower than at home, but not low-

er and large share stakes held by the big banks and the state which would have made a central planner proud. Short-term profits were routinely shunned in favour of long-term gains - to the benefit of the whole country and its enviable social market economy.

Now the priorities seem to be shifting. Proximity to markets in an ever-shrinking world has become a new goal, escape from the stranglehold of the uppity mobile German mark another. Patriotism has gone out of fashion as capital tries to hedge its bets.

This trend is accelerating. While industry has lost, according to government estimates, 700,000 jobs since 1993, this year alone some 200,000 jobs are expected to abandon the country. As in Britain in the 1980s, the government in Bonn pins its

hopes on the expanding service sector. But, as in Britain, services will not be able to soak up all the surplus labour.

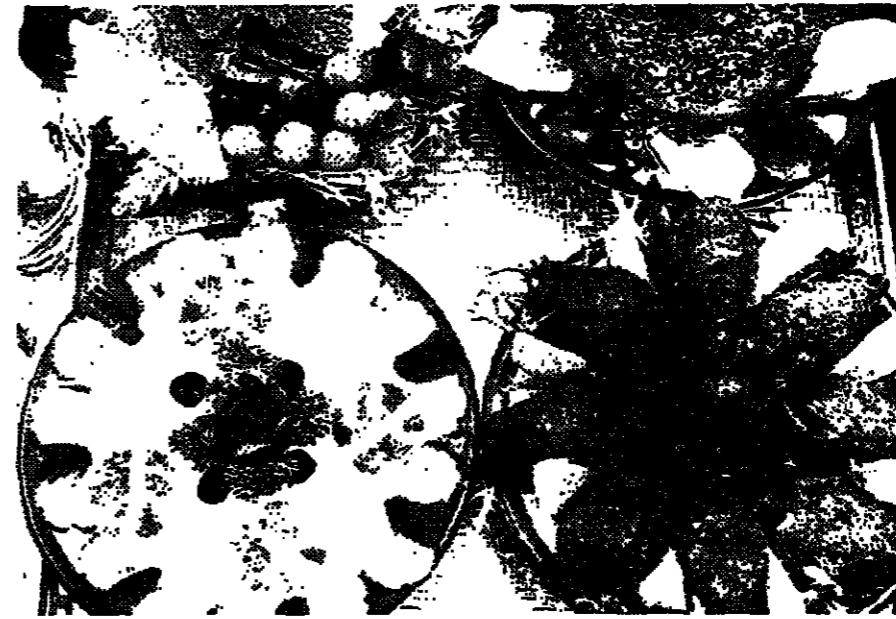
For a country whose wealth has been built on industrial harmony, that could be devastating. For Germany's economists, who thought they knew everything that was to be known, there is another new word to be learnt, a g-word: globalisation.

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business

New general takes the field in trolley wars

Dino Adriano, the rising star at Sainsbury's, is sitting, with a cigar in one hand, in his bare, smoke-filled lair on the executive floor at Sainsbury's functional head-office building near Blackfriars Bridge in London.

He looks pretty relaxed for someone who has only just been catapulted into one of the most important jobs in British retailing.

As a result of last week's board room re-shuffle, the 52-year-old former accountant has been promoted to deputy chief executive of Sainsbury's UK supermarket business. Next year he will move up to the chief executive slot, following the retirement of Tom Viner, and run the whole show.

Then it will be Mr Adriano, rather than David Sainsbury, who will do battle with Archie

'He's Mr Homebase, but how much does he know about supermarkets?'

Norman at Asda and Terry Leahy at Tesco in the sharp-elbowed trolley war that is UK grocery retailing.

The heavily-built self-confessed foodie, who is of Italian descent but was born in London, claims he is ready.

He comes to the job at a difficult time. The past year has seen Sainsbury's out-maneuvered by rivals and losing market share.

But he says, "I'm very excited about it. It will be a challenge - but I think I'm ready for it. We have a good team here and there is a determination to make things work."

Some critics say that Sainsbury's has lost its way, held back by an old-fashioned, conservative culture over which the founding family still looms large.

Mr Adriano concedes that Sainsbury's has made mistakes. "Our performance over the last year suggests that we are not delivering on some of the key points. We have had some supply difficulties. But it is on the execution and communication of our strategies that we have really fallen down and



David Sainsbury, left, will step back from the front-line of the grocery retailing battle when Dino Adriano, right, takes over as chief executive of the UK supermarkets business



that's where we need to come back strongly. I think we have already started to do that."

His view is that Sainsbury's needs to concentrate on the fundamentals on which it has built its reputation: quality products, at decent prices, in clean, well-presented stores. It's hardly a ground-breaking strategy but the trick is in the execution, he argues.

He denies that Sainsbury's conservative culture is a worry. "I don't think the fact that it's a family company makes any difference," he says.

"As a business we have always been careful before we

launch significant campaigns. But we are tremendous executives and we need to be fleet of foot as well." He admits: "You could say that in the area of communication some of our rivals have scored some points on us."

Mr Adriano sees nothing necessarily wrong with management by committee. "Obviously if they become fossilised that's a mistake. They need to be dynamic. If I find the need to change things, I will."

He describes himself as a strong-willed general manager who dislikes prevarication. But he prefers to take a team with

him rather than rule with a rod of iron. He is the kind of manager most analysts feel Sainsbury's needs.

If there is a criticism, it is his lack of supermarket experience. He spent most of his early Sainsbury's years in various accounting functions.

Most recently he has been chairman of the Homebase DIY chain where he has been overseeing the integration of Texas Homecare. Until moving

into the new job, his only previous spell in supermarkets was the three years between 1986 and 1989 when he was one of the area directors.

As one analyst said: "He's known as Mr Homebase and he's done very well there. But how much does he know about supermarkets?"

Sainsbury's points out that Mr Adriano is also chairman of Shaw's, the group's US supermarket business, and is on the board of Giant, the Washington group in which Sainsbury's has a stake.

However, it has recognised the weakness, which is why there will be a near-two year handover by Tom Viner as he approaches retirement. Mr Adriano will not succeed to the supermarkets throne until the end of 1997.

His priority is to get round the stores - to re-familiarise himself with the nuts and bolts of supermarkets - and prepare himself for taking charge.

It was his grandparents who left Italy for Britain in the early part of the century. There is a history of catering in his family and his grandfather on his mother's side was head waiter at the Hyde Park Hotel.

School saw a steady if not spectacular performance, first at Highgate College in North London and later a grammar school.

He left with O levels, though

he says he can't remember how many. He then joined a small accountancy firm but could not afford the articles, so settled on becoming a certified accountant instead.

It has been a slow but steady rise. He was born in West London, the son of a musician who played the accordion and who later became a kind of impresario, booking artists to play in Italian restaurants. "It was a large family and very musical. Music is a big part of my life."

Married to Sue, a teacher, and with two daughters - one of whom works at Sainsbury's as a buyer - Mr Adriano obviously enjoys his hobbies. He loves his food and also enjoys opera.

His other great love is football. He is a season ticket holder at Arsenal and has been going to Highbury for 40 years.

He has also maintained a long association with Oxfam where he is a trustee.

Of course, in his new, elevated role, he may have slightly less time for those outside interests - except, perhaps, the food.

Nigel Cope

THE MONDAY INTERVIEW

DINO ADRIANO

BUSINESS TO BUSINESS

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business

TODAY

Companies

Tomkins, the "guns to bolts" conglomerate is expected to report pre-tax profits of £124m to £130m for the six months to October 1995, compared with £115m at last time. The dividend is expected to be between 2.65p and 2.80p, up from 2.43p a year ago. Analysts said the main focus of attention will be any news on Tomkins Gates acquisition in the US – thought to be worth \$1bn to \$1.5bn. On the trading front, analysts will be looking to see whether the company has suffered any slowdown in growth in the US market and also how its RHM business is performing, given bread prices are showing signs of recovery.

Interims: Inteltek

Finals: Coda, PWS Higgs, Secund Consolidated Trust

AGMs: Bank of Montreal

EGMs: Cable & Wireless

Economics

Prices paid by manufacturers for their inputs fell in October and November, but today's

UK producer price figures are expected to show an increase of about 0.3 per cent in December. Higher oil prices and further weakness in sterling are the reason. Even so, the year-on-year rate should show a decline from November's 0.2 per cent as commodity price rises are running at a far slower rate than a year earlier.

Prices charged at the factory gate are likely to have risen by a chunky 0.6 per cent due to excise duty increases announced in the Budget. But as this would be below the previous December's rise, the year-on-year rate should fall to around 4.1 per cent.

Other economics: US Fed government bond market closed for holiday; stock markets remain open; Bank of France money market tender and discount T-bill auction.

TOMORROW

Companies

Interims: Debenhams Tewson & Chinnocks, Farepak, Remy Cointreau.

Finals: Alexander Higgs, Citicorp, Intel, Quality Care Homes, Microgen Higgs AGMs: Avis, Sanderson Electronics, McCarthy & Stone, H Young Higgs EGMs: None scheduled

Economics

The flow of US data, delayed by the Federal government shutdown, is due to resume today. It will include figures for

First Leisure share prices, pence

Source: Reuters

GDP on the new chain-weighted basis, which show slower growth than the old figures.

WEDNESDAY

Companies

No surprises are expected in the final figures from First Leisure, although the exceptional summer is expected to have a negative impact on some of the group's indoor activities. NatWest Markets are predicting pre-tax profits of £39m against £39m last time with a small contribution from the seven new Bingo clubs opened during the year. However, analysts are warning that the high rating of the shares leaves no room for disappointment and the City will be listening intently to the tone of the current trading statement.

Interims: Apple Computer (O1), Budgens, Dudley Jenkins, Nobo, Photo-Mc Int'l, Stanley Leisure, UK Land

Finals: Ameritech, BankAmerica, Irish Continental AGMs: Capital Radio, Tadpole Technology EGMs: Merlin Int'l Properties Trading statements: Alders Economics

The Chancellor of the Exchequer and Governor of the Bank of England hold their first monetary meeting of the new year. City economists think there is a small chance of another quarter-point cut in base rates to follow December's reduction to 6.5 per cent.

Underlying average earnings growth has been static since July, but could have nudged up from 3.25 to 3.5 per cent in November. Wage settlements have trended upwards in recent months.

The December unemployment figure is expected to drop by around 10,000. After falling steeply earlier in the year, the decline in the number of people claiming unem-

ployment benefit threatened to stall during the summer. modest reductions are likely until growth picks up again.

Other economics: Financial markets expect the December public sector borrowing requirement to be well below the previous month's disappointingly high figure – around £600m compared to £3.7bn. US Dec industrial production; US

Dec capacity utilisation: US Fed beige book.

THURSDAY

Companies

Interims: Magnum Power, McKay Securities, W Ransom, Tottenham Hotspur, Vega Finals: Aberforth Sm Companies, Bankers Trust, Brooke Tool Engineering, Brunner Inv Trust, Hill & Smith, Microsoft, Neotonics Technology, Premier Land, S Royal Bank of Scotland

AGMs: Concentric, Dunedin Worldwide, Euromoney, Govett High Inc, Henderson Surata, Morland & Co, My Higgs, River Plate & General, Royal Bank of Scotland

EGMs: None scheduled

Economics

Following reasonably strong anecdotal and survey evidence, today's official figure for the volume of retail sales in December is expected to show a 0.7 per cent rise, helping their year-on-year growth rate climb to 1.5 per cent.

Figures for retail prices are

likely to show stable or slightly higher inflation last month, compared with a 3.1 per cent headline rate in November.

Inflation excluding mortgage payments, the Government's target measure, will probably have remained at around 2.9 per cent.

Other economics: The councils of the Bundesbank and Banque de France meet. Markets expect a cut in French rates and possibly the German repo: UK British Chambers of Commerce quarterly economic survey: US Dec housing starts; US weekly jobless claims; US Philadelphia Fed survey; French final Q3 GDP; Italian cities Jan consumer prices.

FRIDAY

Companies

Interims: Abraxas Lloyd's Insurance Trust, British Bloodstock Agency, Mitie, Park Food

Finals: None scheduled

AGMs: Abacus, Bellway, BOC

EGMs: Pex, Yorkshire Elec.

Economics

US Nov trade balance and



Share Price Data

Prices are in sterling except where stated. The yield is last year's dividend, grossed up by 20 per cent, as a percentage of the share price. The price/earnings (P/E) ratio is the share price divided by last year's earnings per share, excluding exceptional items.

Other details: ex Rights: ex Dividend: ex all unlisted securities Market suspended pp Partly Paid Nil Paid Shareholders Source: Finstar

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Interest Rates

UK	Germany	US	Japan
Base	Discount	3.00%	0.50%
France	Lombard	5.00%	5.25%
Intervention	Cash	5.44%	5.44%
Interest	Bank	7.75%	7.00%
Reserve	Discount	9.25%	1.00%
Bank	10-Day Repo	9.25%	1.00%
Advances	Discount	4.25%	0.50%

Oil Exploration

UK	Germany	US	Japan
Base	Discount	3.00%	0.50%
France	Lombard	5.00%	5.25%
Intervention	Cash	5.44%	5.44%
Interest	Bank	7.75%	7.00%
Reserve	Discount	9.25%	1.00%
Bank	10-Day Repo	9.25%	1.00%
Advances	Discount	4.25%	0.50%

On Integrated

UK	Germany	US	Japan
Base	Discount	3.00%	0.50%
France	Lombard	5.00%	5.25%
Intervention	Cash	5.44%	5.44%
Interest	Bank	7.75%	7.00%
Reserve	Discount	9.25%	1.00%
Bank	10-Day Repo	9.25%	1.00%
Advances	Discount	4.25%	0.50%

Other Financial

UK	Germany	US	Japan
Base	Discount	3.00%	0.50%
France	Lombard	5.00%	5.25%
Intervention	Cash	5.44%	5.44%
Interest	Bank	7.75%	7.00%
Reserve	Discount	9.25%	1.00%
Bank	10-Day Repo	9.25%	1.00%
Advances	Discount	4.25%	0.50%

Other Services

UK	Germany	US	Japan
Base	Discount	3.00%	0.50%
France	Lombard	5.00%	5.25%
Intervention	Cash	5.44%	5.44%
Interest	Bank	7.75%	7.00%
Reserve	Discount	9.25%	1.00%
Bank	10-Day Repo	9.25%	1.00%
Advances	Discount	4.25%	0.50%

Retailers, Food

UK	Germany	US	Japan
Base	Discount	3.00%	0.50%
France	Lombard	5.00%	5.25%
Intervention	Cash	5.44%	5.44%
Interest	Bank	7.75%	7.00%
Reserve	Discount	9.25%	1.00%
Bank	10-Day Repo	9.25%	1.00%
Advances	Discount	4.25%	0.50%

Textiles & Apparel

UK	Germany</
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news

Young talent acts as magnet for art world

John McKie previews the opening of London's biggest contemporary show

International art experts are expected to converge en masse on London this week to see what Britain's brightest talents have to offer at Art 96, the country's biggest contemporary art fair in the city regarded as the most exciting contemporary centre in the world.

For the eighth year of the show, 83 galleries are displaying 100,000 works from today's stars including the Turner Prize winner Damien Hirst, and their successors. Opening on Wednesday at the Business Design Centre, in north London, they expect around 30,000 visitors, and have prices from as little as £30 up to more than £100,000.

Lucy Sicks, director of the fair, said: "The London contemporary art scene is internationally renowned as being the most exciting centre for art. There are things here that no one else in the world has."

"I think it is going to be the best yet, because the overall quality of the work is the strongest it's been. It's a brilliant opportunity for the public to come along and see everything from Hirst to works worth £30."

"Some of the other fairs are much older and the people who go are established collectors who spend enormous amounts. With this fair it's easier for people to collect."

Although the Hirsts displayed may be works on canvas instead

of his controversial tanks of sheep or cows, there is some more outlandish work on display such as Jann Hayworth's *Steak Lady* (a sculpture of a woman made from snakeskin materials) and the first public showing from Gibby Bean, dubbed "the Vivienne Westwood of the art scene".

Among the 83 galleries showing are White Cube, run by Jay Jopling, who represents Hirst and the Turner Prize runner-up Mona Hatoum, and Flowers East, which is displaying work from Nicola Hicks, Lucy Jones and the Gulf war artist Peter Howson. Photography and print galleries are also taking part.

Art 96 aims to nurture new talent succeed the likes of Hirst, Hatoum and the 1993 Turner Prize winner, Rachel Whiteread. Richard McDowell, a 27-year-old student from Wimbledon School of Art, in south-west London, has won a competition to construct a giant white fabric sculpture - the size of a full-scale building - on the green outside the centre.

The winner of the new Wingate award of £4,000 to help young artists in their studies will be announced on Wednesday and there will also be a £1,000 prize and an exhibition at Habitat's store on the King's Road, in Chelsea, west London, for the best artist on an MA painting course.



For those who cannot get to the fair, a new computer archive service could give them the chance to stay closely in touch with the art dealers.

Banca dell'Arte, pioneered in Italy and France, is being

brought to Britain for the first time.

Banca dell'Arte, whose site at Art 96 is sponsored by the *Independent*, promises to be the quickest way yet of viewing works of art and expects to have 500 dealers linked up to its system by the end of the year. The system allows art to be seen, bought and sold on personal computer with a modem and only takes 15 seconds to access - faster than the Internet.

"It's exactly the same time it takes to make a phone call or send a fax," Tim Badgett, director of Banca dell'Arte, said.

"The images are then delivered in 15 seconds. Instead of the dealer or buyer having to fly to London, New York or Paris, or waiting to be sent photographs, here they can go online and view the gallery's stock."

The fair is having a gala opening tomorrow, when Paloma Picasso is flying over to be the guest of honour at an Aids benefit preview at the Business Design Centre. As well as the artists' being present, there will also be video messages in support of the Aids cause from celebrities including Ringo Starr, Al McGraw, Sir George Solti and Topol, star of the musical *Fiddler on the Roof*.

■ Art 96 is at the Business Design Centre, Islington, London N1, Wednesday 17 January to Sunday 21 January.



Beautiful Edie (displayed above left and being crated at Flowers East, above), a straw and plaster sculpture by Nicola Hicks. Photographs: Steven White / Tony Buckingham

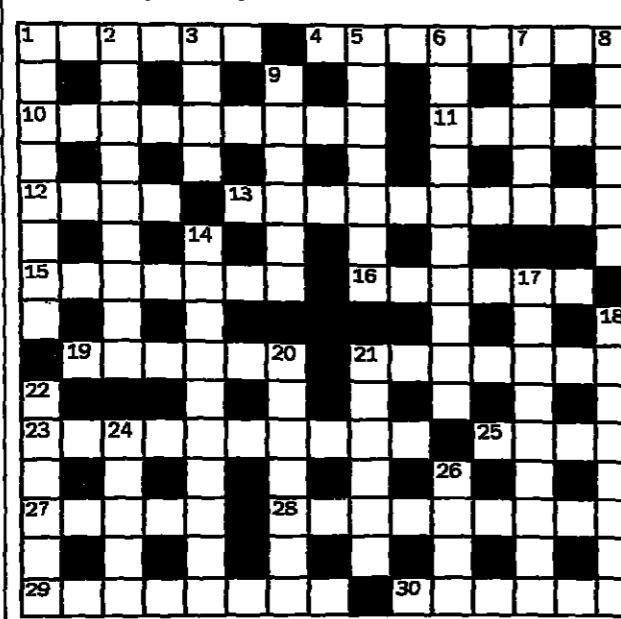


River Walk, an oil painting by Lucy Jones, being shown by the Flowers East Gallery

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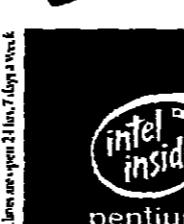
ACROSS

- Sociable tradesman? (6)
- He deserts American after Greek character returns (8)
- Nonsense - it's still produced illegally (9)
- Raised objection about one pupil (5)
- Cut length out to make belt (4)
- I can perhaps claim to be going out of loyalty (10)
- Elected by fraternity according to the rules (25)
- Pluck a species of grass (6)
- Sounds like Shakespeare's spirit is unearthly (6)
- Weight of compass is surprising (7)
- Together with worker is receiving attention (4,2,4)
- Pastry layer not quite round (4)
- Sketch comes from duke's large collection (5)

DOWN

- Outfit for spring? (8)
- Serotonin is converted into this hard substance (9)
- One is relaxed at it (4)
- Host is kind of tense (7)
- Advance payment is fixed by record company of sorts (10)
- Foreigner a Welsh girl is attached to (5)
- Access course? (6)
- Unfortunate that equality is without support (6)
- A number tend to run things (10)
- State requirement (9)
- Lines written about individual Italian painter (8)
- French male's right to occupy own port (2,5)
- He watches nurse go by (6)
- Hear of ways to reach Aegean island (6)
- Lake in Kenya safe to cross (5)
- Academic honour for composer (4)

By Portia



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pentium

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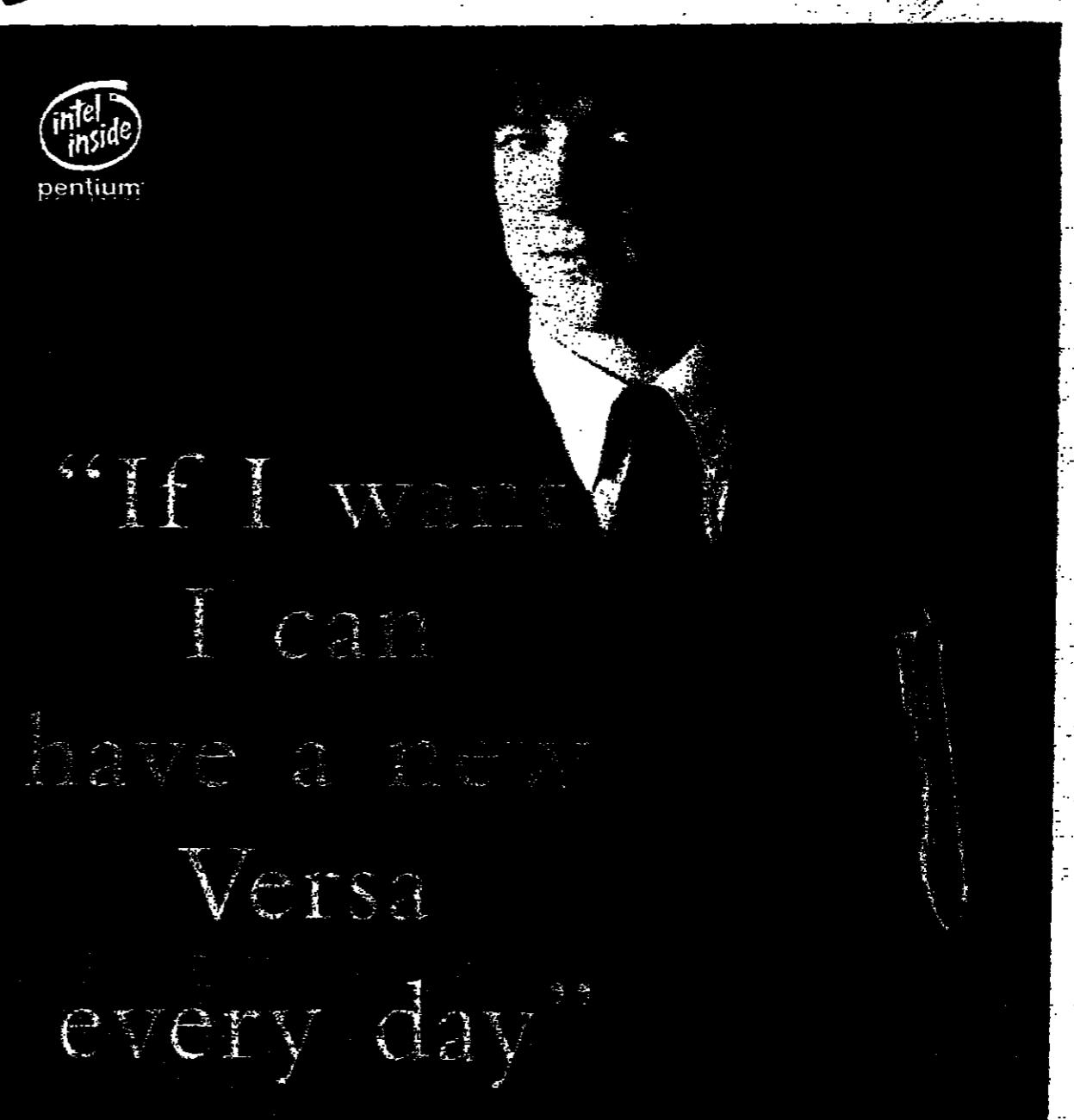
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THIS WEEK IN
THE INDEPENDENT
MEN'S
HEALTH
PART TWO
The easy lies the male

SCIENCE OF
THE ORGASM
FASHION
Swanning la Croix

WHAT'S IN
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Why Wainwright
is proving to be
a TV winner

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How to prepare
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